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ABSTRACT

This is a report of hearings held in Washington, D.C., on March 11, 13, 18, 19, and 25, 1980, on five federal youth employment and training bills: H.R. 4465, H.R. 4534, H.R. 5876, H.R. 6208, and H.R. 6711. H.R. 4465 proposes to combine immediate work and training and training opportunities with long-term changes in the institutions and programs that service young people. H.R. 4534 would establish a program of full employment, vocational training, and placement for all young people. Also discussed are H.R. 5876, Opportunities Industrialization Centers, skill training, and national community-based organization, and the Youth Job Creation and Employment Act of 1979: H.R. 6208, amending the Internal Revenue Code and establishing the academy of education and work: and H.R. 6711, extending authorization of youth training and employment programs and improving them and authorizing intensive and remedial education programs. (Copies of the bills are included.) Testimony includes statements from 20 individuals and prepared statements, letters, supplemental materials, etc., from 26 individuals representing the National Youth Advocacy Coalition: National Youthwork Alliance: National Association of Counties: National Alliance of Business: National Urban League, Inc.: Manpower Demonstration Research Corporation: AFL-CIO: National Commission for Employment Policy: Opportunities Industrialization Centers of America: National Association of Private Industry Councils: and National Council on Employment Policy. (YLB)

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YOUTH EMPLOYMENT ACT OF 1979
Part 4

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 4465, H.R. 4534, H.R. 5876, H.R. 6208,
and H.R. 6711

TO IMPROVE FEDERAL PROGRAMS OF YOUTH EMPLOYMENT
AND TRAINING, AND FOR OTHER PURPOSES

HEARINGS HELD IN WASHINGTON, D.C., ON
MARCH 11, 13, 18, 19, AND 25, 1980

Printed for the use of the Committee on Education and Labor

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YOUTH EMPLOYMENT ACT OF 1979

Part 4

TUESDAY MARCH 11, 1980

House of Representatives,
Subcommittee on Employment Opportunities
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:40 a.m., pursuant to notice, in room 2257, the Rayburn House Office Building, the Hon. Augustus F. Hawkins (chairman of the subcommittee) presiding.

Members present: Representatives Hawkins, Jeffords, Weiss, Petri, and Miller.

Staff present: Susan Grayson, staff director; Steve Juntila, legislative associate; Nat Semple, minority legislative assistant; Beth Buehlmann, minority legislative associate; Bob Guttman, CRS labor specialist; Terri Schroeder, staff assistant; Isbell Hornsby, staff assistant.

Mr. Hawkins. The Subcommittee on Employment Opportunities is called to order. The hearing this morning is a continuation of the hearings on youth employment and training proposals, including H.R. 4465, H.R. 4534, H.R. 5876, H.R. 6208, and H.R. 6711.

[Text of H.R. 4465, H.R. 4534, H.R. 5876, H.R. 6208, and H.R. 6711 follows:]

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96th CONGRESS
1st Session

H. R. 4465

To improve Federal programs of youth employment and training, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

June 14, 1979

Mr. Hawkins (for himself, Mr. Perkins, Mr. Akaka, Mr. Anderson of California, Mr. Bailey, Mr. Brown of California, Mr. Buchanan, Mr. Phillip Burton, Mrs. Chisholm, Mr. Clay, Mr. Corrada, Mr. Conyers, Mr. Dixon, Mr. Fauntroy, Mr. Ford of Michigan, Mr. Garcia, Mr. Jeffords, Mr. Kildee, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Roybal, Mr. Simon, Mr. Stark, Mr. Stewart, Mr. Weiss, and Mr. Charles H. Wilson of California) introduced the following bill; which was referred to the Committee on Education and Labor

October 16, 1979

Additional sponsors: Mr. Beilenson, Mr. Carr, Mr. Conte, Mr. Corman, Mr. Dellums, Mr. Diggs, Mr. Drinan, Mr. Edwards of California, Mr. Evans of the Virgin Islands, Mr. Flood, Mr. Ford of Tennessee, Mr. Guarini, Mr. Jenrette, Mr. Kogovsek, Mr. Murphy of Illinois, Mr. Myers of Pennsylvania, Mr. Ottinger, Mr. Patterson, Mr. Pepper, Mr. Price, Mr. Rangel, Mr. Richmond, Mr. Rodino, Mrs. Spellman, Mr. Stokes, Mr. Thompson, Mr. Vento, Mr. Wolpe, Mr. Won Pat, and Mr. Lowry

---

A BILL

To improve Federal programs of youth employment and training, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Youth Employment Act of 1979".

TITLE I—AMENDMENTS TO TITLE IV OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

PART A—YOUTH EMPLOYMENT PROGRAMS

ENTITLEMENT PROGRAMS

SEC. 101. (a) Section 416 of the Comprehensive Employment and Training Act (hereinafter in this title and in title II referred to as "the Act") is amended to read as follows:

"ENTITLEMENT PROGRAM AUTHORIZED

"SEC. 416. (a) The Secretary shall enter into arrangements with prime sponsors for the purpose of guaranteeing otherwise unavailable part-time employment, or combination of part-time employment and training, for economically disadvantaged youth between the ages of sixteen and nineteen, inclusive, from urban and rural poverty areas served by such prime sponsor during the school year who resume or maintain attendance in secondary school for the purpose of acquiring a high school diploma or in a program which leads to a certificate of high school equivalency and full-time employment or part-time employment and training during the summer months to each such youth.

"(b) Each prime sponsor whose application for assistance under this subpart is approved by the Secretary shall guarantee the employment described in subsection (a) to each such unemployed youth described in subsection (a) who resides within any urban or rural poverty area served by the prime sponsor and who applies to that prime sponsor for employment. The Secretary shall provide to each prime sponsor, from funds appropriated for carrying out this subpart, in combination with any funds made available by such prime sponsor according to an agreement made pursuant to section 418(a)(4)(F), the amount to which that prime sponsor is entitled under subsection (c).

"(c) Each prime sponsor shall be entitled to receive, for each youth who is provided employment by that prime sponsor, the costs associated with providing such employment. Such costs shall take into account funds made available by such prime sponsor under section 418(a)(4)(F).

"(d) The Secretary shall, with respect to any urban or rural poverty area for which no prime sponsor's application under this subpart has been approved or for which the prime sponsor's approval has been terminated by reason of its failure to comply with the guarantees required under this section, make other appropriate arrangements with public and nonprofit private agencies to provide the employment described in subsection (a).

"(e) For purposes of this section, the term 'poverty area' means any Bureau of the Census geographical division in which, on the basis of the most recent satisfactory data available to the Secretary, 20 per centum or more of the residents are at or below the poverty level as established by the Director of the Office of Management and Budget.".

(b) Section 418 of the Act is amended to read as follows:

"APPLICATIONS

"SEC. 418. Any prime sponsor which desires to receive assistance under this subpart shall submit an application to the Secretary at such time and in such manner as the Secretary may require and which shall provide—

"(1) a description of the procedure to be utilized by the prime sponsor to publicize, consider, approve, audit, and monitor youth incentive projects or jobs funded by the prime sponsor under this part, including copies of proposed application materials, as well as examples of audit and client characteristics reports;

"(2) a statement of the estimated number of economically disadvantaged youth to be served by the prime sponsor, and assurances that only such disadvantaged youth will be served;

"(3) assurances that the provisions of sections 442 and 443 are met relating to wage provisions and special conditions;

"(4) assurances that the prime sponsor has consulted with public and private nonprofit educational agencies including vocational and postsecondary education institutions and other agencies which offer high school equivalency programs; public employers, including law enforcement and judicial agencies; State and local public assistance agencies; labor organizations; voluntary youth groups; community-based organizations; organizations of demonstrated effectiveness with a special knowledge of the needs of such disadvantaged youth; and with the private sector in the development of the plan, and assurances that arrangements are made with appropriate groups to assist the prime sponsor in carrying out the purposes of this subpart;

"(5) assurances that arrangements are made with the State employment security agencies to carry out the purposes of this subpart;

"(6) an agreement that funds available under title II for economically disadvantaged youth employment programs and funds available for the summer youth program under part C of this title for eligible youth will be used in support of the project authorized under this subpart;

"(7) assurances that the employment of eligible youth meets the requirements of eligible activities under section 419;

"(8) assurances that participating youth shall not be employed more than an average of twenty hours per week during the school year and not more than forty hours per week during the summer;

"(9) assurances that whenever employment involves additional on-the-job, institutional, or apprenticeship training provided by the employer, and if such training is not paid for in full or in part by the prime sponsor under any other program authorized under this Act, wages may be paid in accordance with the provisions of section 14(b) of the Fair Labor Standards Act of 1938, and with the balance being applied to the cost of training;

"(10) assurances that arrangements have been made with the appropriate local education agency or with the institution offering a certified high school equivalency program that such youth is enrolled and meeting the minimum academic and attendance requirements of that school or education program and with employers that such youth meet the minimum work and attendance requirements of such employment and that any employment guarantee is conditioned on such enrollment;

"(11) assurances that special efforts will be made to recruit youth from families receiving public assistance, including parents of dependent children who meet the age requirement of this subpart;

"(12) assurances that subsidies to encourage private sponsors to provide employment and training opportunities under this subpart will not exceed the net cost to the employer of the wages paid and training provided; and

"(13) assurances that the prime sponsor will make available the data necessary for the Secretary to prepare the reports required by section 127.".

(c) Part A of title IV of the Act is amended by striking out section 420 and subpart 2 and by inserting in lieu thereof the following:

"PLAN FOR EXTENSION OF PROGRAM

"SEC. 420. The Secretary shall submit to the Congress not later than February 1, 1981, a plan to provide for the establishment of programs under this subpart throughout the United States.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 421. There are authorized to be appropriated to pay the entitlements of prime sponsors under section 416(c) such sums as may be necessary for fiscal year 1981 and for each of the three succeeding fiscal years.".

(d)(1) The heading of part A of title IV of the Act is amended by striking out "DEMONSTRATION".

(2) The heading of subpart 1 of such part is amended to read as follows:

"Subpart 1—Youth Incentive Entitlement Program".

(3) Section 411 of the Act is amended—

(A) by striking out "employment, training, and demonstration" and inserting in lieu thereof "employment and training"; and

(B) by striking out "the demonstration programs shall be to test the relative efficacy of" and inserting in lieu thereof "such programs shall be to promote".

(4) Subpart 4 of part A of title IV of the Act is amended—

(A) by striking out "SUBPARTS 2 AND 3" in the heading of section 443 and inserting in lieu thereof "SUBPART 3"; and

(B) by striking out "subparts 2 and 3" each place it appears in subsections (a) and (b) of such section and inserting in lieu thereof "subpart 3".

YOUTH EMPLOYMENT AND TRAINING PROGRAMS

SEC. 102. (a) Section 435 of the Act is amended—

(1) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) are economically disadvantaged."; and

(2) by striking out the last sentence and inserting in lieu thereof the following:

"Notwithstanding the preceding provisions of this section, 20 per centum of the funds available for this subpart may be used for youths who do not meet the requirements of paragraphs (1) and (2) of this section, but who have encountered barriers to employment.".

(b) Section 432(a) of the Act is amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and", and by inserting immediately after such paragraph the following new paragraph:

"(4) programs of community conservation and improvement youth employment projects to be carried out by eligible youths and appropriate supervisory personnel.".

(c) Subpart 3 of part A of title IV of the Act is amended by adding at the end thereof the following new section:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 440. There are authorized to be appropriated to carry out the provisions of this subpart $2,400,000,000 for fiscal year 1981 and such sums as may be necessary for each of the three succeeding fiscal years.".

PARTICIPANT ASSESSMENT

SEC. 103. Section 441 of the Act is amended to read as follows:

"PARTICIPANT ASSESSMENT

"SEC. 441. (a) In order to assess the appropriate mixture of training or employment services, or both, needed by each youth receiving assistance under this part, the prime sponsor, in consultation with educational and other appropriate agencies, shall assist each such youth to establish a personalized employability plan. In establishing such plan, prime sponsors shall take into consideration a youth's skills, interests, and career objectives, subject to the availability of services, and shall consider the barriers to employment or advancement faced by that youth in order to assist that youth to attain unsubsidized employment.

"(b) An assessment of appropriate training and supportive services shall be made at the time of entrance to a program partly or wholly assisted by this part, which shall be reviewed periodically throughout the duration of the youth's participation in a program funded under this part or under part C of this title. Such assessment shall be included in each youth's employability plan.".

CONFORMING AMENDMENT

Sec. 104. The table of contents of the Act is amended by striking out the matter pertaining to part A of title IV and inserting in lieu thereof the following:

"Part A—Youth Employment Programs

"Sec. 411. Statement of purpose.

"Subpart 1—Youth Incentive Entitlement Pilot Projects

"Sec. 416. Entitlement program authorized.
"Sec. 417. Employment guarantees.
"Sec. 418. Applications.
"Sec. 419. Special provisions.
"Sec. 420. Plan for nationalization of program.
"Sec. 421. Authorization of appropriations.

"Subpart 3—Youth Employment and Training Programs

"Sec. 431. Statement of purpose.
"Sec. 432. Programs authorized.
"Sec. 433. Allocation of funds.
"Sec. 434. Eligible applicants.
"Sec. 435. Eligible participants.
"Sec. 436. Conditions for receipt of financial assistance.
"Sec. 437. Review of plans by Secretary.
"Sec. 438. Secretary's discretionary projects.
"Sec. 439. Youth employment incentive and social bonus program.
"Sec. 440. Authorization of appropriations.

"Subpart 4—General Provisions

"Sec. 441. Participant assessment.
"Sec. 442. Wage provisions.
"Sec. 443. Special conditions.
"Sec. 444. Special provisions for subparts 2 and 3.
"Sec. 445. Academic credit, education credit, counseling and placement services, and basic skills development.
"Sec. 446. Disregarding earnings.
"Sec. 447. Relation to other provisions.".

Part B—Job Corps

INSTITUTIONAL SKILL CENTERS

Sec. 121. (a) Part B of title IV of the Act is amended by adding at the end thereof the following new section:

"INSTITUTIONAL SKILL CENTERS

"SEC. 469. In addition to funds which are otherwise available for purposes of this part, there are authorized to be appropriated $80,000,000 for fiscal year 1981 and such sums as may be necessary thereafter to provide, for youth residing in areas of high unemployment or with substantial concentrations of economically disadvantaged individuals, additional nonresidential Job Corps opportunities (in accordance with the provisions of this part) in nonresidential centers established under section 456 which are accessible to such youth.".

(b) The table of contents of the Act is amended by inserting immediately after the item pertaining to section 468 the following new item:

"Sec. 469. Institutional skill centers.".

PART C—FEDERAL YOUTH EMPLOYMENT OPPORTUNITIES

SEC. 141. (a) Title IV of the Act is amended by adding at the end thereof the following new part:

"PART D—FEDERAL YOUTH EMPLOYMENT OPPORTUNITIES

"Subpart 1—Cooperative Projects

"COOPERATIVE AGREEMENTS FOR YOUTH EMPLOYMENT

"SEC. 491. (a) The Secretary may enter into cooperative agreements with any agency (as that term is defined in section 552(e) of title 5, United States Code) for the purpose of establishing youth employment projects in accordance with the provisions of this part. Such agreements shall provide for reimbursement of such agencies by the Secretary for expenses allowed pursuant to section 492(1) with respect to eligible youths enrolled in such projects.

"(b) Youth employment projects may be established under this part in connection with authorized agency activities conducted directly or by grant or contract. The Secretary shall identify activities suitable for projects under this part. Projects under this part shall be conducted in accordance with the provisions of law governing the activity in connection with which they are established, except that (1) no funds provided under this part shall be deemed to be funds provided under such a provision of law for purposes of any allocation formula or matching or other related requirement, and (2) any youth employed in such a project shall be subject to laws governing Federal employment or eligibility for employment only to the extent set forth in section 497.

"ELIGIBLE PROJECTS

"Sec. 492. The Secretary may enter into cooperative agreements under section 491(a) with respect to any youth employment project for which the Secretary has received adequate assurance—

"(1) that any funds provided under this part will be used only for the payment of wages and employment benefits;

"(2) that positions established under the project will be entry level positions;

"(3) that the project will be supervised by the Federal agency responsible for the activity in connection with which the project is established, or by a public or nonprofit private agency or organization pursuant to an agreement with such Federal agency;

"(4) that the project will give priority in placing eligible youths to those referred pursuant to section 496(b); and

"(5) that the project will conform to such other conditions or restrictions as the Secretary may prescribe by regulation.

"Subpart 2—National Employment Opportunities

"FEDERAL AGENCIES

"SEC. 494. The Secretary may enter into agreements with executive agencies (as defined in section 105 of title 5, United States Code), the United States Postal Service, or the Postal Rate Commission for the purpose of providing employment therein for eligible youth in accordance with this part. Participants shall receive wages and other benefits comparable to other Federal employees similarly employed with respect to type of work, length of employment, and civil service classification, as determined by the Office of Personnel Management. Individuals employed under this section shall not be deemed to be Federal employees for purposes of any personnel limitations applicable to any such agency.

"Subpart 3—General Conditions

"ELIGIBLE YOUTHS

"SEC. 496. (a) Any youth aged sixteen to twenty-four, inclusive, who is economically disadvantaged shall be eligible to participate in projects established under this part.

"(b) The Secretary shall make arrangements for obtaining referrals of eligible youth to employment opportunities under this part from the public employment service, public assistance agencies, prime sponsors, sponsors of Native American programs described in section 302, sponsors of migrant and seasonal farmworker programs under section 303, and such other agencies and organizations as the Secretary may deem appropriate.

"CONDITIONS APPLICABLE TO PROJECT ENROLLEES

"SEC. 497. (a) Except as otherwise provided in subsection (b), youths employed in projects established under this part (referred to in subsection (b) as 'project enrollees') shall not be deemed Federal employees and shall not be subject to the provisions of law relating to Federal employment including those regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

"(b)(1) For purposes of the Internal Revenue Code of 1954 and title II of the Social Security Act (42 U.S.C. 401 et seq.), project enrollees shall be deemed employees of the United States and any service performed by a person as a project enrollee shall be deemed to be performed in the employ of the United States.

"(2) For purposes of subchapter 1 of chapter 81 of title 5 of the United States Code, relating to compensation to Federal employees for work injuries, project enrollees shall be deemed civil employees of the United States within the meaning of the term 'employee' as defined in section 8101 of title 5, United States Code, and provisions of that subchapter shall apply, except that the term 'performance of duty' shall not include any act of a project enrollee while absent from the enrollee's assigned post of duty, except while participating in an activity (including an activity while on pass or during travel to or from such post of duty) authorized by or under the direction and supervision of the Secretary.

"(3) For purposes of chapter 171 of title 18, United States Code, relating to tort claims procedure, project enrollees shall be deemed civil employees of the United States within the meaning of the term 'employee of the Government' as defined in section 2671 of title 28, United States Code, and provisions of that chapter shall apply.

"(4) For purposes of section 5911 of title 5, United States Code, relating to allowances for quarters, project enrollees shall be deemed civil employees of the United States within the meaning of the term 'employee' as defined in that section, and provisions of that section shall apply.

"(c) The conditions applicable to public service employment pursuant to section 122 of this Act shall apply to employment under this part.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 498. There are authorized to be appropriated for purposes of carrying out this part such sums as may be necessary for fiscal year 1981 and for each of the three succeeding fiscal years.".

(b) The table of contents of the Act is amended by inserting immediately after the item pertaining to section 484 the following:

"PART D—FEDERAL YOUTH EMPLOYMENT OPPORTUNITIES

"Subpart 1—Cooperative Projects

"Sec. 491. Cooperative agreements for youth employment.
"Sec. 492. Eligible projects.

"Subpart 2—National Employment Opportunities

"Sec. 494. Federal agencies.

"Subpart 3—General Conditions

"Sec. 496. Eligible youths.
"Sec. 497. Conditions applicable to project enrollees.
"Sec. 498. Authorization of appropriations.".

TITLE II—AMENDMENTS TO TITLE VII OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

PRIVATE SECTOR OPPORTUNITIES

SEC. 201. (a) Sections 702(a) and 703(a) of the Act are each amended by striking out "title II activities" and inserting in lieu thereof "title II and title IV activities".

(b) Section 702(b) of the Act is amended by striking out "made available for carrying out this title" and inserting in lieu thereof "appropriated pursuant to section 707(a)".

(c)(1) Title VII of the Act is amended by adding at the end thereof the following new sections:

"DEMONSTRATION GRANTS TO EMPLOYERS

"SEC. 706. In addition to the activities described in section 705(a), prime sponsors may, with the approval of the Secretary, establish programs of providing demonstration grants from funds available under section 707(b) to private employers for community service projects approved by the private industry council of such prime sponsor. Such grants shall be subject to the condition that any profits resulting from the conduct of the project will be used to further the purposes of the project.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 707. (a) There are authorized to be appropriated to carry out the provisions of this title (other than section

706) such sums as may be necessary for each of the fiscal years 1981 and 1982.

"(b) There are authorized to be appropriated to carry out the provisions of section 706, $50,000,000 for each of the fiscal years 1981 and 1982.".

(2) The table of contents of the Act is amended by inserting immediately after the item pertaining to section 705 the following new items:

"Sec. 706. Demonstration grants to employers.
"Sec. 707. Authorization of appropriations.".

ON-THE-JOB TRAINING DISCLAIMER

SEC. 202. Notwithstanding any other provision of law, no activity for the employment or training of youths under age twenty-five conducted under the Act shall be deemed to be on-the-job training for the purposes of any other law, and no funds received by any employer with respect to any such activity shall be deemed to be funds received from the Federal Government for purposes of on-the-job training for the purposes of any other law.

TITLE III—WORK INCENTIVE EXTENSION

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. (a) The Secretary of Health, Education, and Welfare and the Secretary of Labor are authorized to carry out the work incentive program under title IV of the Social Security Act from the sums appropriated pursuant to this section without regard to the requirements for non-Federal matching funds contained in that title of the Social Security Act.

(b) There are authorized to be appropriated to carry out the work incentive program for parents under the age of twenty-two who volunteer to participate in such program under title IV of the Social Security Act, as modified by subsection (a) (in addition to any sums otherwise appropriated pursuant to such title of such Act), $400,000,000 for fiscal year 1981 and such sums as may be necessary for each of the three succeeding fiscal years.

TITLE IV—INTERAGENCY COORDINATING COMMITTEE FOR YOUTH EMPLOYMENT

SHORT TITLE

SEC. 401. This title may be cited as the "Youth Employment Coordination Act of 1979".

ESTABLISHMENT

SEC. 402. (a) There is hereby established in the executive branch of the Government an Interagency Coordinating Committee for Youth Employment (hereinafter in this title referred to as the "Committee") which shall be composed of the following officials (or their designees for this purpose): the Secretaries of Agriculture, Defense, Health, Education, and Welfare, the Interior, and Labor, the Attorney General, and the Directors of ACTION, the Community Services Administration, and the Office of Management and Budget. The Director of the Office of Management and Budget shall chair the meetings of the Committee.

(b)(1) The functions of the Committee shall be under the direction of an executive director (hereinafter in this title referred to as the "director"), who shall be appointed by the President, by and with the advice and consent of the Senate. Meetings of the Committee shall be called by the director not less than four times each year as necessary for the conduct of the business of the Committee.

(2) It shall be the responsibility of the director—

(A) to report and make recommendations to the Committee and to the Congress on obstacles to proper coordination of youth employment and related programs of Federal, State, and local governments;

(B) to review and comment on proposed rules, regulations, guidelines, and orders relating to such programs which affect or impair proper coordination;

(C) to consult with State and local governments and private groups involved in such programs for the purpose of promoting coordination; and

(D) to administer the Committee grant program established under section 403.

(3) Section 5315 of title 5, United States Code, is amended by inserting immediately after paragraph (50) the following new paragraph:

"(51) Executive Director, Interagency Coordinating Committee for Youth Employment".

PROGRAMS AUTHORIZED

SEC. 403. (a) The Committee shall, through the director, establish a program designed to overcome institutional barriers between agencies by providing assistance for new interagency cooperative projects which are likely to significantly improve the employability of disadvantaged youth.

(b) A project may be eligible for assistance under this title if—

(1) in addition to the funds which are provided under this title, such project is funded from two or more separate appropriations to two or more agencies (as that term is defined in section 552(e) of title 5, United States Code); and

(2) the project has been approved by two or more such agencies.

LIMITATION ON FEDERAL FUNDS

SEC. 404. No funds shall be made available for any interagency cooperative project in excess of—

(1) 20 per centum of the sum of the funds otherwise available to such project from Federal appropriations or receipts;

(2) 10 per centum of the total estimated project cost,

whichever is less.

AUTHORIZATION OF APPROPRIATIONS

SEC. 405. There are authorized to be appropriated to carry out the provisions of this title $10,000,000 for fiscal year 1981 and such sums as may be necessary for each of the two succeeding fiscal years.

TITLE V—WAGNER-PEYSER ACT AMENDMENT

EMPLOYMENT SERVICES FOR YOUTH

SEC. 501. The Act of June 3, 1933, entitled "An Act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes" (29 U.S.C. 49 et seq.), also known as the Wagner-Peyser Act, is amended by inserting after section 5 the following new section:

"SEC. 6. (a) Each State which desires to receive funds under this section shall submit to the Secretary of Labor a supplement to the plans submitted under section 8, in such form and containing or accompanied by such information and assurances as the Secretary may by regulation require. In any State which does not submit such a supplement, the Secretary may, directly or by contract with other State or local agencies, operate programs as described in this section from the sums available in accordance with subsection (e).

"(b) Supplements submitted under subsection (a) shall provide for the establishment of general employment services for youth which shall include—

"(1) orientation for youthful job seekers to labor market conditions and requirements, including job search workshops;

"(2) referral to supportive services;

"(3) efforts to promote targeted jobs tax credit and on-the-job training opportunities in the private sector; and

"(4) placement activities.

"(c) In addition to the requirements of subsection (b), supplements submitted under subsection (a) shall provide for the establishment of in-school service to assist youths to make a successful transition from school to working life which shall include—

"(1) dissemination of labor market information;

"(2) development of job search skills;

"(3) development and operation of automated data systems to provide accurate, current information on job availability;

"(4) conducting vocational aptitude testing;

"(5) providing matching funds for services and training for school counselors, such as training workshops; and

"(6) promoting the consultation of school systems with private employers in the development of curricula.

"(d) No payment may be made with respect to a plan supplement approved for purposes of this section in excess of 80 per centum of the cost of the activities proposed in such supplement.

"(e) Funds appropriated pursuant to subsection (f) shall be allocated among the States as follows:

"(1) 50 per centum of the amount appropriated pursuant to subsection (f) for any fiscal year shall be allocated on the basis of the number of individuals age sixteen to twenty-one, inclusive, residing in the State, determined on the basis of the most recent satisfactory data available to the Secretary of Labor;

"(2) 25 per centum of the amount appropriated pursuant to subsection (f) shall be allocated on the basis of the average annual number of such individuals age sixteen to twenty-one, inclusive, who are unemployed and residing in such State, determined on the basis of the most recent satisfactory data available to the Secretary of Labor; and

"(3) 25 per centum of the amount appropriated pursuant to subsection (f) shall be allocated on the basis of the number of such individuals age sixteen to twenty-one, inclusive, who are economically disadvantaged and residing in such State, determined on the basis of the most recent satisfactory data available to the Secretary of Labor.

"(f) There are authorized to be appropriated to carry out the provisions of this section $50,000,000 for fiscal year 1981 and such sums as may be necessary for each fiscal year thereafter.

"(g) As used in this section, the term 'economically disadvantaged' means a person who has, or is a member of a family which has, received a total annual family income which, in relation to family size, was not in excess of the higher of (1) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (2) 70 per centum of the lower living standard income level.".

TITLE VI—APPRENTICESHIP ACT AMENDMENT

AMENDMENT

SEC. 601. The National Apprenticeship Act (29 U.S.C. 50; 50 Stat. 663) is amended by adding at the end thereof the following new sections:

"SEC. 5. (a) The Secretary shall, in consultation with representatives of labor, management, and the general public, designate (1) 'shortage occupations' that are essential to the balanced economic growth and well-being of the Nation and that are suitable for training through apprenticeship and (2) occupations in which apprenticeship training is substantially underutilized.

"(b) The Secretary shall establish a program of research and development and may make grants or contracts for demonstration projects for the purpose of developing techniques and specialized methods for improving the effectiveness of apprenticeship programs in emerging or nontraditional apprenticable occupations.

"(c) The Secretary shall provide directly, or through grants, contracts, or other arrangements, technical assistance, promotional and training materials, and preservice, and inservice training for specialized, supportive, and supervisory or other personnel which is needed to provide additional apprenticeship positions in the occupations designated under subsection (a).

"(d) Upon designation of an occupation under subsection (a), and to the extent necessary to carry out the purposes of this Act, the Secretary shall provide for the reimbursement of not to exceed the costs attributable to the training of any apprentice in a registered program of apprenticeship for such occupation (including wages, allowances, and appropriate related technical instruction or training costs) of not more than one-half the normal recognized term of indentured apprenticeship for such occupation incurred by designated local apprenticeship and training agencies, by employers of indentured apprentices, or by individual indentured apprentices. There are authorized to be appropriated to carry out the provisions of this subsection $60,000,000 for fiscal year 1981 and such sums as may be necessary for each fiscal year thereafter.

"Sec. 6. (a) Any contract entered into by any department or agency for the procurement of personal property or nonpersonal services (including construction), or for both such property and services, for the United States shall contain a provision requiring that the party contracting with the United States shall, to the extent that craft persons are to be employed in apprenticable occupations, employ a reasonable number of apprentices (as prescribed by the Secretary of Labor by regulation) in such occupations, and, to the extent that apprentices are to be employed in the furtherance of such contract, ensure that such apprentices employed shall be indentured to a program of apprenticeship registered with the Secretary of Labor in accordance with the provisions of section 6 of this Act.

"(b) The Secretary of Labor, in consultation with the Office of Personnel Management, shall take such action as may be necessary to promote the establishment of apprenticeship programs in Federal agencies.".

I

96TH CONGRESS
1ST SESSION

H. R. 4534

To establish a program of full employment, vocational training, and employment placement for all young Americans willing and able to work, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 19, 1979

Mr. WEISS introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To establish a program of full employment, vocational training, and employment placement for all young Americans willing and able to work, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Youth Employment Act of 1979".

SEC. 2. The Congress finds that—

(1) the national rate of unemployment among youths is excessively high;

(2) the number of youths who have ceased to seek employment because of insufficient job opportunities is unprecedented; and

(3) employment problems faced by youth have not been adequately addressed by the Federal Government.

SEC. 3. (a) The Secretary shall establish a program to (1) provide financial assistance to States, political subdivisions of the States, and private for profit or nonprofit organizations established under section 109 of the Comprehensive Employment and Training Act, through the Youth Job Guarantee Office established under section 4 of this Act, in each labor market area of the country, for programs of training and employment in jobs on public service and private employment projects, for eligible individuals, and (2) provide special assistance to those eligible individuals who apply for such assistance, in accordance with the provisions of this Act.

(b) There is hereby established in the Department of Labor a National Youth Full Employment Board, to be composed of members appointed by the Secretary who shall include a majority of representatives from labor, civil rights, youth, and women's organizations, chosen from among nominees submitted by these organizations, which shall advise the Secretary with respect to the program under subsection (a).

(c) In carrying out the program under subsection (a) in any labor market area, the Secretary shall consult with the

Board, and with the prime sponsor's planning councils established under section 109 of the Comprehensive Employment and Training Act which are located in that labor market area.

(d)(1) The Secretary, in carrying out his functions under this Act shall seek to reduce differentials in employment rates among various population segments.

(2) The Secretary shall carry out his functions under this Act in such a way that, within one year of the date of enactment of this Act, the rate of unemployment among youths aged sixteen to twenty-four, inclusive, in any political subdivision of any State shall not exceed 10 per centum of the total labor force in such subdivision; within two years of the date of enactment of this Act, the rate of unemployment among youths aged sixteen to twenty-four, inclusive, in any political subdivision of any State shall not exceed 3 per centum of the total labor force in such subdivision; and within three years of the date of enactment of this Act, jobs should be supplied for all youths aged sixteen to twenty-four, inclusive, within a reasonable period.

SEC. 4. There is hereby established in the Department of Labor a Youth Job Guarantee Office, to be headed by a Director to be appointed by the Board, through which the Secretary shall carry out the program under section 3(a), in order to ensure that any eligible individual who applies for assistance under this Act shall be placed in useful and rewarding employment in a job on a project assisted under this Act or in other private or public employment. The Secretary shall establish a local office of the Youth Job Guarantee Office in each State.

SEC. 5. (a) In carrying out the program under section 3(a) through the Youth Job Guarantee Office, the Secretary shall, under regulations established by the Secretary—

(1) insure that among projects planned adequate consideration is given to such individuals and groups as may face special obstacles (as defined in section 11(6) of this Act) in finding and holding useful and rewarding employment and shall provide or have provided through the coordination of existing programs special assistance, including counseling, training, and, where necessary, transportation and migration assistance;

(2) enter into agreements with any agency or organization described in section 3(a) for public service and private employment projects to be administered by such agency or organization, and such agreements shall provide for assurances that (A) an annual independent audit of the project will be submitted to the Secretary, through the Youth Job Guarantee Office, (B) books and records of such agency or organization relating to the project shall be available for reasonable

review by the Secretary through such Office, (C) no eligible individual employed or applying for employment on the project shall be discriminated against because of that individual's sex, race, color, religion, national origin, political affiliation, or belief, (D) applicable provisions of chapter 15 (relating to political activity of certain State and local employees) of title 5, United States Code, will be met, (E) an annual report describing and evaluating in detail the project will be submitted to the Secretary through such Office, and (F) the provisions of section 6 will be complied with;

(3) in the case of any application from any State or any political subdivision of a State to enter into an agreement under paragraph (2), require that the application contain—

(A) assurances that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of, and accounting for, funds received under this Act,

(B) assurances that any woman employee on such a project shall be entitled to a maternity benefit of not less than six-months' leave without loss of pay or other employment benefits, and

(C) such other information as the Secretary deems necessary,

and approve any such application which meets the requirements of subparagraphs (A) through (C);

(4) refer any eligible individual who applies in person for assistance under this Act, as appropriate (A) to private and public employment placement facilities, (B) for placement in jobs on public service and private employment projects conducted under any other Act and assisted under section 3 of this Act, or (C) in the event that, after attempting placement under clauses (A) and (B) for a period of five days after the date of the individual's application for assistance, there is not a high probability that successful placement for the individual will occur, then placement will be made in a program under section 3; and

(5) in cases where the Secretary, through the Youth Job Guarantee Office, determines on the basis of evidence obtained with respect to any otherwise eligible individual, that the individual is not in fact able or willing to work (and no such determination shall be based upon an individual's failure to work under any circumstances where such failure results from an unlawful employment practice prohibited by section 703 of the Civil Rights Act of 1964), declare that individu-

al to be ineligible for assistance under this Act, and provide for appropriate administrative appeal procedures to review such determination if any appeal is sought within thirty days thereafter, which shall include procedures for the enrollment of that individual in the Job Corps, as provided in paragraph (3)(B), while such appeal or any judicial review of such determination is pending.

(b)(1) Any agreement entered into under subsection (a)(2) shall provide for reimbursement by the Secretary of the additional cost to the agency or organization described in section 3(a) of the public service or private employment project administered by such agency or organization.

(2) Any individual referred to a program under this Act shall be deemed to meet the eligibility requirements for such program.

SEC. 6. (a) All laborers and mechanics employed by contractors or subcontractors in any construction, alteration, or repair (including painting and decorating) on projects which are assisted under this Act, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary in accordance with the Davis-Bacon Act (40 U.S.C. 276–276a–5), or those of trade union standards, whichever is higher. The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 1, 1934 (40 U.S.C. 276(c); 48 Stat. 948).

(b) The Secretary, through the Youth Job Guarantee Office, shall not enter into an agreement under section 5 unless the Secretary, through such Office, determines that—

(1) prevailing or trade union standards, whichever is higher, for the health, safety, and other conditions applicable to the performance of work and training on the project to be assisted are established and will be maintained;

(2) appropriate workmen's compensation protection will be provided for employees on this project;

(3) the project will not result in the displacement of employed workers or impair existing contracts for services or result in the substitution of Federal for other funds in connection with work that would otherwise be performed;

(4) no employee shall be paid less than the prevailing or union wage, whichever is higher, in effect in the area; and

(5) all employees shall receive compensation (A) that bears a positive relationship to their qualifications, experience, and training, and (B) that will effectively

encourage them (from an economic standpoint) to advance to other employment.

SEC. 7. No person shall, on the ground of race, color, religion, age, sex, national origin, political affiliation or belief, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving financial assistance under this Act.

SEC. 8. The district courts of the United States shall have jurisdiction over any action brought seeking relief, including injunctive, declaratory, and other appropriate forms of relief as well as damages, by any person or by any class of persons deprived of rights created by or under this Act, which rights shall include, but not be limited to the right to useful paid employment at the rate of compensation provided by this Act, and any person or class of persons who has been so deprived by the United States shall be entitled in an action brought against the United States to recover damages, together with costs and reasonable attorney's fees.

SEC. 9. There are authorized to be appropriated for each of fiscal years 1981, 1982, and 1983, such sums as may be necessary to carry out the provisions of this Act.

SEC. 10. Section 109 of the Comprehensive Employment and Training Act is amended by adding at the end thereof the following new subsection:

"(g) In addition to its functions and responsibilities under subsection (a), each planning council shall—

"(1) identify local needs for additional youth employment opportunities, and, under guidelines established by the Secretary under the provisions of the Youth Employment Act of 1979, shall select and plan projects for assistance under such Act which shall provide public service and private employment (as such term is defined in section 11(2) of such Act) for young Americans; and

"(2) under standards, criteria, and guidelines established by the Secretary under the Youth Employment Act of 1979, monitor and evaluate projects assisted under such Act.".

SEC. 11. For purposes of this Act—

(1) the term "Secretary" means the Secretary of Labor;

(2) the term "public service and private employment", when used with respect to a project, means any project providing new or expanded goods or services to the public, which reflects the needs and desires of the local community served by the project, and may include any project providing social services, community health services, day care facilities, legal aid, public

transportation, housing, recreation, cultural activities, sanitation, and environmental improvement;

(3) the term "Board" means the National Youth Full Employment Board established under section 3(b);

(4) the term "eligible individual" means any individual aged sixteen to twenty-four, inclusive, who is able and willing to work but who is not employed and who is unable to obtain employment other than by assistance under this Act;

(5) the term "able and willing to work", when used with respect to an individual, means any individual who, by application in person at a Youth Job Guarantee Office established under section 4, or at any regional office thereof, seeks assistance under this Act in obtaining a job, regardless of any visual, motor, or hearing impairment, mental retardation, or other handicap;

(6) the term "special obstacle", when used with respect to an eligible individual's efforts to find or hold useful and rewarding employment, includes past or present discrimination or bias on the basis of sex, color, religion, or national origin, physical or mental handicap, past or present receipt of public assistance, residence in a depressed urban or rural geographical area, past or present status as a member of the Armed

Forces of the United States, unemployment resulting from relocation, closing, or reduced operations of industrial or military facilities, and such other special obstacles as the President or the Congress may from time to time designate for such purpose;

(7) the term "political subdivision" means any city, county, town, parish, village, or other general purpose political subdivision of a State; and

(8) the term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

I

96TH CONGRESS
1ST SESSION

H. R. 5876

To provide a special program of financial assistance to Opportunities Industrialization Centers and other national community-based organizations in order to provide new motivational and skills training opportunities for unemployed and unemployable youth.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 13, 1979

Mr. PERKINS introduced the following bill; which was referred to the Committee on Education and Labor

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A BILL

To provide a special program of financial assistance to Opportunities Industrialization Centers and other national community-based organizations in order to provide new motivational and skills training opportunities for unemployed and unemployable youth.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Opportunities Industrialization Centers Skills Training and National Community-Based Organizations Youth Job Creation and Employment Act of 1979".

DECLARATION OF POLICY AND PURPOSE

SEC. 2. (a) The Congress finds that economic distress caused by structural problems, severe dislocations or cyclical downturns adversely affects communities and areas and their residents, industry sectors, and groups within the population. Among the most severely affected in distressed areas are socially and economically disadvantaged individuals from groups which suffer the effects of past and present discrimination practices, and at the bottom of this group are the unskilled, unemployed, and unemployable youth of America.

(b) The Congress finds that over the years the success of the Opportunities Industrialization Centers in skills training, and the success of national community-based organizations, such as the National Urban League, SER-Jobs for Progress, recruitment training programs, Human Resources Development Institute, union-related organizations, and others which have demonstrated effectiveness in the targeting of employment services to those most in need, qualifies such organizations to receive special assistance to train and provide jobs for one million youth in 1980 and the three succeeding fiscal years.

(c) It is the purpose of this Act to establish Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, and other national community-based organizations as coordinators and intermediaries between the

Department of Labor, prime sponsors under the Comprehensive Employment and Training Act, potential private industry employers, and unemployed youth through the provision of motivational and skills training and job counseling and placement services to such youth, in cooperation with the private industry counsels established under title VII of the Comprehensive Employment and Training Act.

(d) It is further the purpose of this Act to provide special authority for the Opportunities Industrialization Centers, utilizing its self-help concept in order to—

(1) create jobs and provide skills training for youth who are particularly hard to employ and to train such individuals to make the transition to permanent employment;

(2) create jobs and skills training opportunities for youth in depressed urban and rural communities, particularly those most affected by an economic recession;

(3) create jobs and skills training opportunities for youth employed in industries, particularly hard hit by such a recession;

(4) train youth in job-search techniques for the private sector and provide job-search counseling in training centers; and

(5) provide technical assistance, in coordination with private industry counsels, to prime sponsors to

assure maximum effective use of cooperating businesses and industries in creating youth employment opportunities.

(e) It is also the purpose of this Act to provide to Opportunities Industrialization Centers and other national community-based organizations such as the National Urban League, SER-Jobs for Progress, Human Resources Institute, and other union-related and industry-related organizations which have demonstrated effectiveness in the delivery of employment services, authority to—

(1) create and provide job opportunities through comprehensive employment services for youth who are particularly hard to employ and to train such individuals to make the transition to permanent employment;

(2) create and provide job opportunities through comprehensive employment services for youth in depressed urban and rural areas particularly hard hit by an economic recession;

(3) create and provide job opportunities through comprehensive employment services for youth who were recently employed in industries particularly hard hit by such a recession;

(4) utilize public works projects and other Federal financial assistance to Federal, State, local, and public

agencies in order to increase the employability of youth;

(5) create job opportunities through comprehensive employment services for youth in rural communities in order to prevent outmigration from such communities; and

(6) provide opportunities for industry to create additional jobs for the youth in rural and urban communities.

PROGRAM AUTHORIZED

SEC. 3. (a) The Secretary of Labor shall direct prime sponsors under the Comprehensive Employment and Training Act to enter into contracts with Opportunities Industrialization Centers, Incorporated, in order to provide through such centers skills training described in section 2.

(b) Notwithstanding any other provision of law, and to the extent consistent with the objective of each authority specified in subsection (c) of this section, the head of each agency administering such authority shall make whatever arrangements he deems necessary, with the Federal, State, and local public agency concerned receiving assistance under that authority, to assure that consideration will be given to national community-based organizations of demonstrated effectiveness for the provision of comprehensive employment services and job opportunities for youth pursuant to such authority.

(c) The programs to which subsection (b) applies are—

(1) the State and Local Fiscal Assistance Act of 1972, and any successor program providing for general revenue sharing to State and local governments;

(2) title I of the Housing and Community Development Act of 1974;

(3) any authority providing for Federal financial assistance for public works; and

(4) special rehabilitation projects designed to improve the Nation's railroads.

CONTRACT PROVISIONS

Sec. 4. (a) Financial assistance will be provided pursuant to this Act by the Secretary for each fiscal year only pursuant to a contract between the Secretary, a prime sponsor under the Comprehensive Employment and Training Act, and the head of the appropriate national community-based organization.

(b) Each such contract shall contain provisions to assure that—

(1) the Opportunities Industrialization Centers shall be included in prime sponsor master plans to provide skills training designed to make youth employable;

(2) comprehensive employment services shall be provided by national community-based organizations experienced in the delivery of youth employment services and which have demonstrated effectiveness in the provision of employment services through national, State, or local contracts, which services shall include outreach, recruitment, assessment, counseling, skills training, remedial education, job creation, job development, job placement, followup, and other supportive services;

(3) whenever jobs or training are furnished by an eligible employer, the national community-based organizations will enter into a contract with such employer to assure compliance with the appropriate provisions of this Act;

(4) special consideration will be given to training youth for jobs which provide sufficient prospects for advancement or suitable continued employment by providing training and employment services designed to—

(A) promote the advancement of youth to suitable employment or training opportunities in the public or private sector of the economy;

(B) provide youth with skills for which there is an anticipated high demand; or

(C) provide youth with self-development skills,

but nothing contained in this paragraph shall be construed to preclude the participation of any youth or the development of any programs for which the goals described in clauses (A), (B), and (C) are not feasible or appropriate;

(5) to the extent feasible skills training and jobs will be provided in occupational fields which are most likely to expand within the public or private sector as the unemployment rate declines;

(6) special consideration in providing skills training and jobs will be given to youth who are the most severely disadvantaged in terms of the length of unemployment, and the prospects for finding employment without assistance under this Act, but special consideration shall not authorize the hiring of any youth when any other person is on layoff from the same or equivalent job;

(7) no funds received pursuant to this Act will be used to hire any youth to fill a job opening created by the action of an employer in laying off or terminating the employment of any regular employee not supported under this Act or under the Comprehensive Employment and Training Act, in anticipation of filling the va-

cancy so created by hiring an employee to be supported under this Act;

(8) due consideration will be given to youth who have participated in manpower training programs for whom employment opportunities would not be otherwise immediately available;

(9) the wages or salaries to be paid persons employed in jobs under this Act are disclosed;

(10) the planning for and training of supervisory personnel to be employed under this Act is specified;

(11) all youth employed under such programs will be selected from the unemployed and underemployed;

(12) the programs will to the maximum extent feasible contribute to the elimination of artificial barriers to employment and occupational advancement; and

(13) not more than 15 per centum of the participants in the program will be employed in a bona fide professional capacity (as that term is used in section 13(a)(1) of the Fair Labor Standards Act of 1938), except that this paragraph shall not be applicable in the case of participants employed as classroom teachers, and the Secretary may provide objective criteria for the waiver of this limitation in exceptional circumstances in such contract.

The Secretary shall include such other assurance provisions in the contract as are consistent with the provisions of this Act.

SPECIAL CONDITIONS

SEC. 5. (a) The Secretary shall not provide financial assistance for any program or activity pursuant to a contract entered into under this Act, unless he determined that—

(1) the program (A) will result in an increase in employment or in employee skills likely to lead to employment opportunities, over those opportunities which would otherwise be available, (B) will not result in the displacement of currently employed workers (including partial displacement such as a reduction in the hours of nonovertime work or wages or employment benefits), (C) will not impair existing contracts for services or result in the substitution of Federal or other funds in connection with work that would otherwise be performed, and (D) will not substitute jobs supported hereunder for existing federally assisted jobs;

(2) persons employed in jobs under this Act shall be paid wages which shall not be lower than whichever is the highest of (A) the minimum wage which would be applicable to the employee under the Fair Labor Standards Act of 1938, if section 6(a)(1) of such Act applied to the participant and if he were not exempt

under section 13 thereof, (B) the State or local minimum wage for the most nearly comparable covered employment, or (C) the prevailing rates of pay for persons employed in similar occupations by the same employer;

(3) funds under this Act will not be used to pay persons employed in jobs under this Act at a rate in excess of $10,000 per year;

(4) the provisions of section 2(a)(3) of the Service Contract Act (41 U.S.C. 351(a)(3)) shall apply to such program or activity;

(5) the program will, to the maximum extent feasible, contribute to the occupational development or upward mobility of individual participants; and

(6) every participant shall be advised, prior to entering skills training and employment, of his rights and benefits in connection with such training and employment.

(b) The Secretary shall include provisions in any contract entered into under section 4 of this Act to assure that national community-based organizations which have demonstrated effectiveness will, to the extent practicable, provide comprehensive employment services and job opportunities on an equitable basis among significant segments of the population of unemployed persons.

(c) To the extent of their capability, Opportunities Industrialization Centers skills training centers will utilize self-help resources.

(d) The Secretary shall include provisions in any contract entered into under section 4 of this Act to insure that adequate internal administrative controls, accounting requirements, personnel standards, evaluation procedures, and other policies as may be necessary are established which promote the effective use of funds.

(e) The Secretary shall not provide financial assistance for any program covered by a contract entered into pursuant to section 4 unless he determines that periodic reports will be submitted to him containing data designed to enable the Secretary and the Congress to measure the relative and, where such program can be compared appropriately, comparative effectiveness of the programs assisted pursuant to such contract.

(f) The Secretary shall not provide financial assistance for any program covered by a contract under section 4, unless the contract and subcontract entered into by any national community-based organizations specifically provide that no person with responsibilities in the operation of such programs will discriminate with respect to any program participant or any applicant for participation in such programs because of race, creed, color, national origin, sex, political affiliation, or beliefs.

(g) The Secretary shall not provide financial assistance for any program covered by a contract or subcontract entered into under section 4 which involves political activities; and neither that program, the funds provided therefor, nor personnel employed in the administration thereof shall be, in any way or to any extent, engaged in the conduct of political activities in contravention of chapter 15 of title 5, United States Code.

(h) The Secretary shall not provide financial assistance for any program covered under a contract under section 4, unless he determines the youth in the program will not be employed on the construction, operation, or maintenance of any facility or portion thereof used or to be used for sectarian instruction or as a place of religious worship.

DEFINITIONS

SEC. 6. As used in this Act, the term—

(1) "national community-based organization", means a nonprofit, tax-exempt, organization which has demonstrated effectiveness in institutional job-related skills training and has a record of success in the development of coordinated and cooperative job creation and job placement employment projects with business and industry, such as Opportunities Industrialization Cen-

ters, Incorporated, the National Urban League, SER-Jobs for Progress, Community Action Agencies, and others;

(2) "eligible employer" means any public agency, including any department or agency of the Federal Government and any State or local government agency, any private nonprofit organization, and any business enterprise;

(3) "unemployed youth" means—

(A) youth who are without jobs and who want to and are available for work; and

(B) youth—

(i) who or whose families receive supplemental security income or money payments pursuant to a State plan approved under title I, IV, X, or XVI of the Social Security Act, or would as defined in regulations to be issued by the Secretary, be eligible for such payments but for the fact that both parents are present in the home;

(ii) who are determined by the Secretary of Labor in consultation with the Secretary of Health, Education, and Welfare, to be available for work; and

(iii) who are without jobs, as determined in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining persons as unemployed, but such criteria shall not be applied differently on the basis of an individual's previous employment;

(4) "youth" means an individual who is at least sixteen but not more than twenty-one years of age;

(5) "Secretary" means the Secretary of Labor; and

(6) "skills training" means the conduct of training and vocational instruction, in a classroom setting, designed to provide individuals with the technical skills and information required to perform a specific job or group of jobs for unemployed persons, and shall include recruitment of clients and the provision of preskill and skills training, and skill-related job placement.

ADMINISTRATION

SEC. 7. (a) The Secretary, in carrying out the provisions of this Act, shall have the same authority as is provided in title I of the Comprehensive Employment and Training Act.

(b) Nothing in the Act shall be construed as a limitation on or inconsistent with any existing employment and training legislation, regulation, or related program activity.

AUTHORIZATION OF APPROPRIATIONS

SEC. 8. (a) There are authorized to be appropriated to carry out the provisions of this Act such sums as are necessary for the fiscal year beginning October 1, 1979, and for each succeeding fiscal year.

I

96TH CONGRESS
1ST SESSION

H. R. 6208

To improve education and work opportunities for youth.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 20, 1979

Mr. JEFFORDS introduced the following bill; which was referred jointly to the Committees on Education and Labor and Ways and Means

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A BILL

To improve education and work opportunities for youth.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the purpose of this Act to improve education and work opportunities for youth.

SECTION 1. This Act may be cited as the "Youth Education and Work Act".

TITLE I—AMENDMENTS TO TITLE IV OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

SEC. 101. Title IV of the Comprehensive Employment and Training Act, hereinafter in this title referred to as "the Act," is amended by adding at the end thereof the following:

"PART D—YOUTH EDUCATION AND WORK ENTITLEMENT

"STATEMENT OF PURPOSE

"SEC. 491. It is the purpose of this part to guarantee employment and supplemental educational opportunities to eligible youth in poverty areas.

"DEFINITIONS

"SEC. 492. As used in this part—

"(1) the term 'eligible youth' means a person between the ages of 15 and 19, inclusive, who has not acquired a high school diploma or its equivalent and is either attending a qualified high school or who is a resident of a poverty area and has not attended school within the previous 12 months.

"(2) the term 'qualifying school' means any high school (as defined under applicable State law) a majority of whose students are residents of poverty areas and any high school which serves all the residents of a poverty area.

"(3) the term 'poverty area' means any Bureau of the Census geographical division in which, on the basis of the most recent satisfactory data available to the Secretary, 20 percent or more of the residents are at or below the poverty level as established by the Director of the Office of Management and Budget.

"ADMINISTRATION

"SEC. 493. The Secretary of Labor and the Secretary of Education hereinafter called 'the Secretaries' shall jointly administer the programs authorized under this part, issue any necessary regulations, approve all grants, and take action on applications for assistance. Joint administration may be by joint approval of actions by persons acting for each Secretary or by the Secretaries' delegating their several responsibilities to a single designated person.

"APPLICATION FOR ASSISTANCE

"SEC. 494. (a) Applications for financial assistance to administer youth entitlement programs under this part shall be submitted jointly by any local education authority having jurisdiction over a qualifying school and the prime sponsor with jurisdiction over the poverty area from which such school draws its students. Such application shall be submitted no less than 6 months nor more than one year before the beginning of the school year in which the program is to operate. Such application shall contain such information as may be prescribed by the Secretaries and shall contain assurances that such entitlement program will meet the requirements of section 6.

"(b) No application to administer an entitlement program shall be approved unless it contains—

"(1) satisfactory demonstration that the local education authority and the prime sponsor will have the administrative capacity to operate the program;

"(2) an agreement concerning the allocation of reimbursable administrative costs between the prime sponsor and the local education authority;

"(3) arrangements to coordinate the entitlement program with the operations of the private industry council established under title VII;

"(4) an agreement between the local education authority and the prime sponsor concerning procedures for designating and qualifying counselors;

"(5) assurances that compensated activities will not include activities normally performed as part of the youth's regular curriculum;

"(6) agreed upon procedures for developing an education and employability plan for each youth;

"(7) an agreement concerning the administration and content of remedial and alternative education programs for youths whose needs are not met by the standard curriculum;

"(8) procedures to enable a youth to secure a change of counselor for cause or (but not more than once in any school year) on grounds of personal incompatibility;

"(9) procedures under which counselors will apply standards of bona fide participation in the program and provide for designated periods of suspension from the program when such standards are not met; and

"(10) procedures, which may include supplemental payments, designed to make service in qualifying schools attractive to specially qualified and motivated teachers, counselors, and other personnel.

"(c) The Secretaries shall by regulations ensure that opportunity to comment on the application is given to appropriate parties, including the State board of education.

"ENTITLEMENT PROGRAMS

"Sec. 495. (a) For every youth in a qualifying school who is making satisfactory progress under objective criteria prescribed by the local education authority or the State board or education, the entitlement program shall consist of not more than 20 hours per week of appropriate compensated activity during the school year and 40 hours in the summer. Appropriate compensated activity for each such youth shall be determined by a qualified counselor and may consist of work, work experience, vocational education, community service or additional vocational or general education outside the regular course of study, or any combination thereof. Compensated activity shall be designed so as to maximize the employability potential of each youth.

"(b) For every youth in the school who is not making satisfactory progress under such objective criteria, the entitlement program shall consist of no more than 15 hours per week of appropriate compensated activity during the school year and 40 hours in the summer. Appropriate compensated activity for such youth shall be determined by the counselor and may consist of any remedial education, counseling, or other activity determined by the counselor to be appropriate in order to assist the youth to make satisfactory progress and, in the summer, may include work experience.

"(c) For every other eligible youth, the entitlement program shall consist of not more than 40 hours per week of appropriate compensated activity subject to the limit in section 497(b). Appropriate compensated activity for each youth shall be determined by a qualified counselor and may consist of work, work experience, alternative or remedial education, skill training, or any combination thereof.

"COMPLETION BONUS

"SEC. 496. Every youth who acquires a high school diploma or its equivalent while a participant in the program shall receive a completion bonus. The completion bonus shall have a value equal to 300 times the hourly wage specified in section 6(a) of the Fair Labor Standards Act and shall be issued in the form of a certificate by the prime sponsor to the qualifying youth. The bonus may be redeemed within 2 years after the date of issuance as follows: by an employer who has employed the youth for 2,000 hours after the certificate is issued and before it expires; by an institution of postsecondary education at which the youth has pursued a substantial full-time course of study but not for an amount exceeding the costs of attending such institution and, if the amount payable to an institution of postsecondary education is not equivalent to the full amount of the bonus, the balance shall be payable to any employer who has employed the youth at the rate of 1 hour of bonus for every 2 hours of employment supplied.

"GENERAL CONDITIONS

"SEC. 497. (a) All compensated activity shall be compensated at a wage rate not less than 85 percent of the otherwise applicable wage rate in effect under section 6 of the Fair Labor Standards Act of 1938, as amended.

"(b) No youth shall be compensated under this part for more than 2,000 hours in total and in the case of youths attending school, for more than 1,000 hours in any one year. Such totals shall be reduced by the number of hours that the youth failed to attend the program without good cause.

"(c) The wages of any youth employed by any employer under this program may be paid in full by the prime sponsor.

"(d) The provisions of sections 121(i) and 121(c) shall not be applicable to programs under this part.

"SUPPLEMENTAL VOCATIONAL EDUCATION ASSISTANCE

"SEC. 498. (a) From the funds available to them for this section, the Secretaries shall make grants to Governors to provide financial assistance, through State vocational education boards, to provide needed vocational education services to eligible youth in accordance with an agreement between the State vocational education board and the prime sponsor.

"(b) The State vocational education board, prior to making any agreement with a prime sponsor as provided in subsection (a), shall consult with and obtain the advice and comments of the designated representatives of the State agencies and councils which are required to be involved in the formulation of the 5-year State plan for vocational education pursuant to section 107(a)(1) of the Vocational Education Act of 1963.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 499. (a) There are authorized to be appropriated such sums as may be necessary to carry out the programs authorized by this part.

"(b) Each prime sponsor and local education authority administering a program under this part shall be reimbursed by the Secretaries for the costs of administering the program authorized by this part: *Provided,* That total reimbursements shall not exceed 115 percent of the compensation paid to eligible youths. The Secretaries may make advance payments on the basis of quarterly estimates submitted by the local education authority and the prime sponsors.

"(c) There are authorized to be appropriated 2 percent of the amounts reimbursed under subsection (b) to make payments to local education authorities incurring additional costs under section 494(b)(10).

"(d) There are authorized to be appropriated 5 percent of the amounts reimbursed under subsection (a) to make grants under section 498. Sums available under this subsection shall be available to each Governor in the same proportion as the sums reimbursed to programs within that State under subsection (a).".

SEC. 102. Section 402(b) and subpart 1 of part A of title IV of the Act are repealed.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE

EXCLUSION FROM PAYROLL TAXES

SEC. 201. Section 3121(a) of the Internal Revenue Code is amended by striking the period at the end thereof, inserting "; or" in lieu thereof, and adding the following new paragraph:

"(18) remuneration paid to any youth who is enrolled in the youth entitlement program established by part D of title IV of the Comprehensive Employment and Training Act and any remuneration paid to a youth within 1 calendar year after his completion of such program. The Secretary of Labor shall provide for the issuance of certificates to youths to evidence their status."

Section 3306(b) of the Internal Revenue Code is amended by striking the period at the end thereof, inserting "; or" in lieu thereof, and adding the following new paragraph:

"(13) remuneration paid to any youth who is enrolled in the youth entitlement program established by part D of title IV of the Comprehensive Employment and Training Act and any remuneration paid to a youth within 1 calendar year after his completion of such program. The Secretary of Labor shall provide for the issuance of certificates to youths to evidence their status."

TITLE III—ESTABLISHMENT OF THE ACADEMY OF EDUCATION AND WORK

SEC. 301. There is hereby established the Academy of Education and Work, hereinafter referred to as "the academy", a nonprofit organization to be organized under the laws of the District of Columbia.

INTERIM ORGANIZATION

SEC. 302. (a) The Secretary of Education and the Secretary of Labor shall each appoint 10 persons to be the interim board of governors of the academy. The appointments made by the Secretaries shall be representative of persons and organizations involved in the administration and operation of programs authorized under title IV–C of the Comprehensive Employment and Training Act, hereinafter called "the entitlement program," and shall include persons representative of teachers, counselors, educational administrators, school boards, and prime sponsors.

(b) The interim board shall organize the academy and promulgate bylaws for the academy which shall include provisions—

(1) limiting membership to persons actively involved in the administration or operation of entitlement programs;

(2) for designating certain members as fellows of the academy, based upon distinguished performance;

(3) for regional membership meetings and an annual meeting of the fellows;

(4) prescribing procedures for the regular election of a regular board of governors within 2 years after organization of the academy with staggered terms of office not to exceed 5 years; and

(5) prescribing a schedule of membership dues.

PURPOSES OF THE ACADEMY

SEC. 303. (a) It shall be the purpose of the academy to promote improved and alternative methods of instruction that will enhance the educational attainment and employability potential of youth who have dropped out of the education system or are otherwise not being adequately prepared for further education or employment by providing a professional association of persons concerned in programs with that objective.

(b) In order to achieve its purposes, the academy is authorized to—

(1) hold regional meetings of its members and national meetings of its fellows to promote professional improvement and the interchange of ideas;

(2) to conduct training institutes for its members;

(3) to provide for professional recognition for those who have made significant contributions to the implementation of entitlement programs;

(4) to recommend changes in certification and credentialing procedures where such changes will advance the objectives of the academy; and

(5) to disseminate information on successful programs using the channels of the Department of Education and Labor, wherever feasible.

SEC. 304. There are authorized to be appropriated to carry out the purposes of this title $1,000,000 for fiscal year 1981 and $1,000,000 for fiscal year 1982 to pay the initial organizational expenses of the academy, including the costs of travel and subsistence of fellows attending national meetings. All expenses of the academy after fiscal year 1982 shall be paid for by membership dues and contributions.

I

96TH CONGRESS
2D SESSION

H. R. 6711

To extend the authorization of youth training and employment programs and improve such programs, to extend the authorization of the private sector initiative program, to authorize intensive and remedial education programs for youths, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 1980

Mr. PERKINS (for himself, Mr. GOODLING, Mr. FORD of Michigan, Mr. BUCHANAN, Mr. KILDEE, Mr. JEFFORDS, Mr. BIAGGI, Mr. SIMON, and Mr. PEYSER) introduced the following bill; which was referred to the Committee on Education and Labor

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A BILL

To extend the authorization of youth training and employment programs and improve such programs, to extend the authorization of the private sector initiative program, to authorize intensive and remedial education programs for youths, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Youth Act of 1980".

TITLE I—YOUTH TRAINING AND EMPLOYMENT PROGRAMS

SHORT TITLE

SEC. 101. This title may be cited as the "Youth Training and Employment Act of 1980".

STATEMENT OF PURPOSE

SEC. 102. It is the purpose of this title, in coordination with the Youth Education and Training Act set forth in title II of this Act, to increase the future employability of youths most in need by increasing their basic educational competency and workplace skills through a carefully structured combination of education, training, work experience, and related services. This title is designed to help achieve these objectives through providing the optimum mix of services focused upon disadvantaged youths. Additional purposes of this title include improving local accountability for program performance, simplifying reporting, increasing local decisionmaking on the mix and design of programs, providing extra resources for distressed areas, providing incentives for promoting special purposes of national concern, improving access by youths to private sector employment, assisting in improving staff and program capacity for those who provide the services, and providing trustworthy job references for participants.

APPROPRIATIONS AUTHORIZATIONS

SEC. 103. (a) Section 112(a)(4)(C) of the Comprehensive Employment and Training Act is amended to read as follows:

> "(C) There are authorized to be appropriated such sums as may be necessary for the fiscal year 1981 and for each of the three succeeding fiscal years to carry out title IV.".

(b) Section 112(a)(7) of the Comprehensive Employment and Training Act is amended by adding at the end thereof the following new subparagraph:

> "(C) There are authorized to be appropriated such sums as may be necessary for the fiscal years 1981 and 1982 to carry out title VII.".

REVISION OF TITLE IV–A

SEC. 104. (a) Section 1 of the Comprehensive Employment and Training Act is amended by deleting from the table of contents sections 401, 402, and sections 411–441 of part A of title IV, and substituting in lieu thereof the following:

"Sec. 401. Statement of purpose.
"Sec. 402. Participant eligibility for title IV programs.

"PART A—YOUTH TRAINING AND EMPLOYMENT PROGRAMS

"Sec. 405. Congressional findings and statement of purpose.
"Sec. 406. Funds available for each subpart.

"Subpart 1—Basic Programs

"Sec. 411. Allocation of funds.
"Sec. 412. Prime sponsor basic programs
"Sec. 413. Equal chance supplements.
"Sec. 414. Prime sponsor youth plans.
"Sec. 415. Review of youth plans by Secretary.

"Sec. 416. Benchmarks and performance standards.
"Sec. 417. Youth opportunity councils.
"Sec. 418. Governor's special statewide youth services.

"Subpart 2—Incentive Grants

"Sec. 421. Division of funds.
"Sec. 422. Special purpose incentive grants.
"Sec. 423. Education cooperation incentive grants.

"Subpart 3—Secretary's Discretionary Programs

"Sec. 431. Developmental and demonstration programs.
"Sec. 432. Consultation by the Secretary.
"Sec. 433. Training, technical assistance, and knowledge development and dissemination.

"Subpart 4—General Provisions

"Sec. 441. Allowances."

(b) Section 1 of the Comprehensive Employment and Training Act is further amended by deleting from the table of contents sections 444–447 of part A of title IV and substituting in lieu thereof the following:

"Sec. 444. Special provisions.
"Sec. 445. Academic credit.
"Sec. 446. Relation to other provisions."

(c) Sections 401, 402, and 411–439 of part A of title IV of the Comprehensive Employment and Training Act are amended to read as follows:

"STATEMENT OF PURPOSE

"SEC. 401. It is the purpose of this title to provide training and employment programs for eligible youths to assist them in obtaining job opportunities and to improve their opportunities for future employment and increased earnings.

"PARTICIPANT ELIGIBILITY FOR TITLE IV PROGRAMS

SEC. 402. (a)(1) To be eligible for programs under part A, a youth must be 16 to 21 years of age (inclusive), and have a family income at or below 85 percent of the lower living standard income level, except that (A) 10 percent of each recipient's funds may be used for youths age 16 to 21 (inclusive) who do not meet such income requirement but who otherwise demonstrate the need for such services, and (B) youths shall be eligible who are age 16 to 21 (inclusive) and (i) who are economically disadvantaged as defined in section 3(8) of this Act, or (ii) in accordance with standards prescribed by the Secretary, who are handicapped individuals, youths under the supervision or jurisdiction of the juvenile or criminal justice system, pregnant teenagers or teenage mothers, or youths attending target schools under the basic skills program under the Youth Education and Training Act.

"(2) Youths otherwise eligible under paragraph (1) of this subsection but who are age 14 and 15 (inclusive) may receive counseling, occupational information, and other transition services either on an individual or group basis.

"(b) The Secretary shall issue regulations which, as a condition of participation in programs under part A, shall require (1) a specific period of joblessness, during which a youth must not have been employed prior to application for the program, or (2) a specific initial period which shall be unstipended, during which a participating youth may receive only counseling, occupational information, career assessment, job referrals, and other transitional services.

"(c) The Secretary shall, by regulation, assure that programs under part A will give priority to youths who are experiencing the most severe handicaps in obtaining employment, such as to those who lack a high school diploma or other credentials, those who require substantial basic and remedial skill development, those out-of-school youths who have been jobless for a long period of time, those who lack equal opportunity due to sex, ethnic group, or handicap, those who are veterans of military service who are facing problems of readjustment to the civilian labor market, those who are under the supervision or jurisdiction of the juvenile or criminal justice system, those who are handicapped individuals, those who have dependents, or those who have otherwise demonstrated special need, as determined by the Secretary.

"(d) To be eligible for summer youth employment programs under part C, a youth must meet the eligibility requirements in paragraph (1) of subsection (a) of this section, except that otherwise eligible youths who are age 14 and 15 (inclusive) may participate if the program includes an educational component.

"PART A—YOUTH TRAINING AND EMPLOYMENT PROGRAMS

"CONGRESSIONAL FINDINGS AND STATEMENT OF PURPOSE

"SEC. 405. (a) Congress finds and declares that:

"(1) Youth unemployment accounts for a major share of aggregate unemployment and is a problem of increasing concern.

"(2) Youth unemployment problems are all the more critical because they are inequitably distributed among ethnic groups and economic levels.

"(3) The hardship related to youth joblessness is significant.

"(4) Joblessness among youths has significant social costs and consequences.

"(5) Intensive remedial employment, training, employment-related services, and supportive services, designed to lead to career entry, provide social benefits by enabling youths thereafter to apply their skills throughout their careers.

"(6) Occupational stereotypes based on ethnic group or sex can best be counteracted before career-limiting patterns are set.

"(7) Efforts to effectively prepare disadvantaged youths for unsubsidized employment in the private sector must be correlated with the needs and requirements of private employers, who must be recognized as partners in the planning and implementation of youth training and employment programs.

"(b) Congress further finds and declares that the problem of youth joblessness should be addressed not only with a view toward addressing the immediate employment problems, but more particularly in a developmental framework with a view toward moving jobless youths step-by-step into long-term productive careers in the public and private sectors of the economy. Accordingly, training and employment programs for youths should be designed in a manner which parallels the natural development of youths as they progress toward the adult world of work.

"(c) It is therefore the purpose of this part to provide support for youth training and employment programs, along with ancillary employment-related services and supportive services, which—

"(1) will develop the skills and competencies of youths to enable them to obtain unsubsidized employment through a sequence of activities that (A) provide intensive remedial education and basic skills training needed for entry into the world of work; (B) develop the skills and ability to perform competently in entry level work; (C) provide an awareness of, and introduction to, the world of work; and (D) provide the advanced skills, training, and job search assistance needed by older youths seeking career employment;

"(2) provide for assessment of each youth to determine his or her need for employability development; for employment and other services to be afforded to such youths in accordance with such assessed needs; and for employment-related competencies gained by such youths to be documented and recognized in accordance with standards developed in the community;

"(3) provide for performance standards for prime sponsors and service deliverers, and benchmarks for youth participants;

"(4) provide for extensive coordination and cooperation in the planning and operation of the programs with local educational agencies, especially with respect to activities on behalf of in-school youths, and for the involvement of the business community, labor organizations, and community-based organizations; and

"(5) assure to youths freedom from the limitations of occupational stereotypes based on sex, ethnic group, or handicap.

"FUNDS AVAILABLE FOR EACH SUBPART

"SEC. 406. (a) From the sums available for this part, the Secretary shall make available—

"(1) not less than 68 percent thereof for purposes of subpart 1 of this part; and

"(2) not less than 22 percent thereof for incentive grants under subpart 2 of this part.

"(b) Not more than the lower of 10 percent of the funds available for this part, or $150,000,000, shall be available for Secretary's discretionary programs under subpart 3.

"Subpart 1—Basic Programs

"ALLOCATION OF FUNDS

"SEC. 411. (a) From the amounts made available pursuant to section 406(a)(1) for each fiscal year—

"(1) not less than 5 percent of the sums available for this part shall be made available to Governors for special statewide youth services, to be allocated among the States in accordance with the factors set forth in subsection (c) of this section;

"(2) not less than 2 percent of the sums available for this part shall be made available for youth training and employment programs operated by Native American sponsors qualified under section 302(c)(1), in accordance with regulations which the Secretary shall prescribe; and

"(3) not less than 2 percent of the sums available for this part shall be made available for training and employment programs operated by sponsors qualified under section 303 for youths in migrant and seasonal farmworker families, in accordance with regulations which the Secretary shall prescribe.

"(b) The remaining amounts available pursuant to section 406(a)(1) for each fiscal year, which shall be not less than 59 percent of the sums available for this part, shall be made available to prime sponsors for youth training and employment programs under this subpart, as follows:

"(1) one-half of 1 percent of the sums available for this part shall be allocated in the aggregate for Guam, the Virgin Islands, American Samoa, the Northern Marianas, and the Trust Territory of the Pacific Islands, in accordance with regulations which the Secretary shall prescribe;

"(2) the remaining amounts shall be allocated among States so that (A) three-fourths of such remaining amounts shall be allocated as determined in accordance with subsection (c) of this section, and (B) one-fourth thereof shall be allocated as determined in accordance with subsection (d) of this section.

"(c)(1) Amounts to be allocated in accordance with this subsection shall be allocated among States in such manner that—

"(A) 37.5 percent thereof shall be allocated in accordance with the relative number of unemployed persons within each State as compared to the total number of unemployed persons in all States;

"(B) 37.5 percent thereof shall be allocated in accordance with the relative number of unemployed persons residing in areas of substantial unemployment (as defined in section 3(2)) within each State as compared to the total number of unemployed persons residing in all such areas in all States; and

"(C) 25 percent thereof shall be allocated in accordance with the relative number of persons in families with an annual income below the low-income level (as defined in section 3(16)) within each State as compared to the total number of such persons in all States.

"(2) Such amounts as are required pursuant to subsection (b) of this section to be allocated among States in accordance with paragraph (1) of this subsection shall be further allocated by the Secretary among prime sponsor areas within each State based upon the factors set forth in paragraph (1).

"(d) Amounts required by subsection (b)(2)(B) of this section to be allocated under this subsection shall be allocated as follows:

"(1) Puerto Rico, and each prime sponsor area within Puerto Rico, shall receive such share of such amounts as is equivalent to the comparable share of allocations under subsection (c).

"(2) The remaining amounts shall be allocated among other States, and among prime sponsor areas within each such State, in the following manner:

"(A) 50 percent thereof shall be allocated among States, and prime sponsor areas within each State, on the basis of the relative excess number of unemployed individuals in each prime sponsor area as compared to the total excess number of unemployed individuals in all such prime sponsor areas. For purposes of this subparagraph, the term 'excess number of unemployed individuals' means the number of unemployed individuals in excess of the ratio which the total number of unemployed individuals in all States bears to the total number of individuals in the civilian labor force of all States. For purposes of this subparagraph, the number of unemployed individuals for States may be determined on the basis of the number of unemployed youths when satisfactory data are available on a three-year basis.

"(B) 50 percent thereof shall be allocated among States, and among prime sponsor areas within each State, on the basis of the relative excess number of low-income youths in each prime sponsor area as compared to the total excess number of low-income youths in all such prime sponsor areas. For purposes of this subparagraph, the term 'low-income youths' means youths with family incomes at or below 70 percent of the lower living standard income level (as determined by the Secretary); and the term 'excess number of low-income youths' means the number of low-income youths in excess of the ratio which the total number of low-income youths in all States bears to the total number of youths in the population of all States. For purposes of this subparagraph, the number of low-income youths may be determined on the basis of the number of individuals in low-income families, except that the number of low-income youths may be used where satisfactory data are available.

"(3) For purposes of this subsection, the term 'youths' means individuals who are age 16 to 24 (inclusive), and the term 'States' means the fifty States and the District of Columbia.

"PRIME SPONSOR BASIC PROGRAMS

"SEC. 412. (a) Prime sponsors shall provide employment opportunities, appropriate training, and employment related and supportive services for eligible youths, including but not limited to the following:

"(1) Preemployment assistance shall be provided for youths who lack world-of-work skills needed to find or successfully hold a job or to make career decisions. Such assistance may include occupational testing and counseling, occupational exploration, job search and job referral assistance, and instruction in the demands of the workplace. Such assistance shall be designed to better prepare youths for entry into the labor market, and for the transition from school to work, in order to reduce the period of and increase the success of initial job search, to improve performance in entry jobs, and to improve career awareness and choice.

"(2) Productive basic work experience shall be provided for youths with limited job experience and options. Such opportunities shall be provided through in-school and summer work experience for students, and full-time work experience for dropouts. Work experience shall be closely linked to education, and shall be designed to develop basic experience in holding, and performing on, a job. Such opportunities shall emphasize close supervision and productive output in order to contribute measurably to society through community service and improvement.

"(3) Remedial education and training opportunities shall be provided and shall be designed principally for older out-of-school youths who lack occupational skills or educational competencies to compete in the adult labor market, and who demonstrate the maturity and understanding to successfully complete such activities. Such opportunities may be provided through residential and nonresidential vocational training and basic education activities. Remedial services may include such activities as literacy training and bilingual training to overcome language barriers to employment, shall be of sufficient duration to assure substantive occupational skill or educational competency acquisition, and shall be linked directly to the labor market to assure subsequent application of acquired skills and educational competencies. Remedial services shall be designed to prepare such youths to enter the first step of career ladders from which they might otherwise be excluded.

"(4) Career ladder work opportunities shall be provided to older youths leading to adult career opportunities. Such work shall be provided primarily in on-the-job training in the private sector, and shall be in jobs which foster transferable skills and emphasize movement into permanent employment. Such work shall be structured to maximize job-related training, and shall be designed to provide youths, who have completed basic work experience and remedial activities, with specific occupational competencies and access to productive adult job opportunities.

"(b) Work experience opportunities as described in this section may include but are not limited to the following:

"(1) youth conservation projects, such as park establishment and upgrading; environmental quality control, including integrated pest management activities; preservation of historic sites; maintenance of visitor facilities; and conservation, maintenance, and restoration of natural resources on publicly held lands;

"(2) youth community improvement projects, such as neighborhood revitalization; neighborhood transportation services; rehabilitation or improvement of public facilities; weatherization and basic repairs to homes occupied by low-income families; energy conservation activities, including application of solar energy techniques (especially those using materials available without cost to the program); and removal of architectural barriers to access to public facilities by handicapped persons;

"(3) community betterment activities, such as work in education, health care, and crime prevention and control; and

"(4) innovative cooperative education programs for youths in secondary and postsecondary schools designed to coordinate education programs with work in the private sector.

"(c) Training activities may include, but are not limited to, the following:

"(1) classroom training and remedial education;

"(2) institutional skills training;

"(3) on-the-job training; and

"(4) assistance in attaining certificates of high school equivalency.

"(d) Supportive services and employment-related services as described in this section may include, but are not limited to, the following:

"(1) outreach, assessment, and orientation;

"(2) counseling, including occupational information and career counseling free of occupational sex stereotyping based on sex, ethnic group, or handicap, and including information on nontraditional jobs;

"(3) career guidance activities promoting transition from education and training to work;

"(4) provision of information concerning the labor market, and occupational, educational, and training information;

"(5) services to help youths obtain and retain employment;

"(6) supportive services (as defined in paragraph 26 of section 3 of this Act), such as child care and transportation assistance;

"(7) job sampling, including occupational exploration in the public and private sectors;

"(8) job restructuring, including assistance to employers in developing job ladders or new job opportunities for youths;

"(9) community-based central intake and information services for youths;

"(10) job development, job referral and placement assistance to secure unsubsidized employment opportunities for youths, and referral to employability development programs; and

"(11) programs and services to overcome stereotyping based on sex, ethnic group, or handicap, with respect to job development, referral, and placement.

"(d) Funds available for purposes of this subpart may be used subject to the following conditions:

"(1) such funds shall be used for training and employment activities, but may not be used for standard courses of instruction in the secondary schools of any local educational agency which would otherwise be provided;

"(2) such funds may support programs operated through service deliveries other than local educational agencies, such as through community-based organizations and other nonprofit organizations, and through alternative arrangements, which may include classroom training leading toward a high school equivalency certificate;

"(3) such funds may be used for adult basic education programs or programs carried out through postsecondary institutions, but no such program shall lead toward a postsecondary degree except where the Secretary may otherwise provide;

"(4) the prime sponsor shall provide assurances that there will be an adequate number of supervisory personnel on each work project and that supervisory personnel are adequately trained in skills needed to carry out the project and can instruct participating eligible youths in skills needed to carry out the project;

"(5) the prime sponsor may make reasonable payment for the acquisition or rental of such space, supplies, materials, and equipment as determined to be necessary in accordance with regulations of the Secretary.

"(e) Prime sponsors serving areas which include target schools funded under the Youth Education and Training Act shall make adequate part-time work experience opportunities available for youths in such schools in conjunction with programs under that Act, pursuant to an agreement with the local educational agency and in accordance with regulations issued by the Secretary of Labor in consultation with the Secretary of Education.

"EQUAL CHANCE SUPPLEMENTS

"SEC. 413. Prime sponsors receiving equal chance supplemental allocations in accordance with section 411(b)(2)(B) shall primarily use such funds to serve youths residing in communities and neighborhoods which have particularly severe economic and social problems which generate multiple obstacles to the employment and employability development of such youths, so as to help provide such youths an equal chance in developing the same long-term employment potential as less disadvantaged youths. Such communities and neighborhoods shall be designated by prime sponsors on the basis of such factors as poverty, school dropout rates, lack of employment opportunities, and other relevant factors.

"PRIME SPONSOR YOUTH PLANS

"SEC. 414. The Secretary shall provide financial assistance under this part only to a prime sponsor submitting a youth plan, as part of its comprehensive plan under section

103, which sets forth satisfactory provisions meeting the following conditions:

"(1) The skills and competencies of youths designed to enable them to obtain unsubsidized employment shall be developed through a sequence of activities that (A) provide intensive remedial education and basic skills training needed for entry into the world of work; (B) develop the skills and ability to perform dependably in entry level work: (C) provide an awareness of and introduction to the world of work; and (D) provide advanced skills training and job search assistance needed by older youths seeking employment.

"(2) Each youth shall be individually assessed in planning his or her employability development. Training and employment and other services shall be afforded to such youths in accordance with such assessed needs. An employability development plan shall be developed for each participating youth cooperatively between the youth and the program personnel, and, to the maximum extent feasible, in coordination with school personnel. The employability development plan shall set forth for each participating youth a program of assistance over specific periods of time throughout the period of the youth's participation, such as remedial education, work experience, employment-related and supportive services, and career development, in accordance with the youth's particular needs, and shall specify performance requirements for the youth and the expected outcomes.

"(3) An individual achievement record shall be established and maintained for each participating youth as a continuing record to document the needs and competencies, including skills, education, employment, and training obtained by each youth. Such record shall be maintained and periodically updated during the entire period of the youth's participation in the program, and shall, to the maximum extent feasible, be coordinated with any school attended by the youth. Such record shall be confidential and information therein shall be available only to persons who require it as part of their responsibilities in operating, administering, or evaluating programs under this part, except that such information may be shared with employers, educators, and others upon the specific authorization of the participant.

"(4) Basic programs assisted under this subpart shall emphasize efforts for out-of-school youth, and programs for such youths shall include basic education and basic skills developed cooperatively with the local educational agency.

"(5) Descriptions shall be provided of the eligible youth population by sex and ethnic group, and of the proposed level of activities for participants from these significant segments of the eligible population.

"(6) Programs assisted under this part shall, to the maximum extent feasible, coordinate services with other youth programs and similar services offered by local educational agencies, postsecondary institutions, the State employment service, private industry councils, agencies assisting youths who are under the supervision or jurisdiction of the juvenile or criminal justice system, the apprenticeship system, community-based organizations, businesses and labor organizations, and other agencies, and with activities conducted under the Youth Education and Training Act, Career Education Incentive Act, Vocational Education Act, the Elementary and Secondary Education Act, and the Juvenile Justice and Delinquency Prevention Act.

"(7) The youth plan, including the youth components of the long-term master plan and the annual plans, shall be developed with the assistance of, and reviewed by, the youth opportunity council, and shall be reviewed by the prime sponsor's planning council.

"(8) Such youth plan shall be developed in consultation with, and reviewed by, the private industry council to assure that training and employment programs are designed to lead to regular employment.

"(9) Appropriate steps shall be undertaken to develop new job classifications, new occupations, and restructured jobs for youths.

"(10) Adequate provisions shall be set forth to assure that, in order to participate in a youth training and employment program, school-age youths shall be required to participate in a suitable educational or basic skills program or component, including where appropriate an educational program leading to a high school equivalency degree.

"(11) Efforts shall be undertaken to overcome sex stereotyping and to develop careers in nontraditional occupations.

"REVIEW OF YOUTH PLANS BY SECRETARY

"SEC. 415. The provisions of sections 102, 104, and 107 shall apply to all youth plans under this subpart.

"BENCHMARKS AND PERFORMANCE STANDARDS

"SEC. 416. (a) Each prime sponsor shall obtain recommendations from the youth opportunity council, prime sponsor's planning council, private industry council, educational agencies, business, labor organizations, community-based organizations, and other community organizations in the development of benchmark standards to serve as indicators, accepted in the community, of youth achievements needed to obtain and retain jobs. Pursuant to basic criteria established by the Secretary, prime sponsors shall develop and use, as appropriate to individual needs, benchmarks which shall include:

"(A) a preemployment level indicating a basic awareness of the world-of-work and occupational options and the development of job-seeking skills;

"(B) a demonstration of maturity through regular attendance and diligent effort in work experience, education, training, and other program activities;

"(C) basic educational skills such as reading, writing, computation, and speaking; and

"(D) occupational competencies such as a particular job skill acquired through institutional or on-the-job training.

"(b) Each sponsor may provide both monetary and nonmonetary incentives for good performance (including monetary incentives authorized by section 441) and appropriate assistance for youths unable to perform satisfactorily.

"(c) The Secretary shall establish prime sponsor performance standards, and, in accordance with the Secretary's regulations, each prime sponsor shall establish service deliverer performance standards suitable for the purposes of various programs carried out under this part, based on program outcomes (for young men and young women in significant segments of the eligible population) such as return to school, job placement, job retention, job quality; program inputs such as quality of worksite, quality of supervision, and the appropriateness of the placement; as well as program management criteria. Such performance standards shall be revised annually based on prime sponsor and service deliverer performance, emerging knowledge about youth labor market problems, and the impact of training and employment programs on the employment and earnings of participants. These standards shall be used in assessing prime sponsor and service deliverer program performance as well as in reviewing youth plans and service deliverer applications under this subpart, and in reviewing applications for incentive grants under subpart 2.

"YOUTH OPPORTUNITY COUNCILS

"SEC. 417. (a) Each prime sponsor shall establish a youth opportunity council, which shall make recommendations to the prime sponsor, planning council, and the private industry council with respect to the youth plan and program operation, and shall review and make recommendations with respect to the establishment and implementation of performance standards established under section 416.

"(b)(1) Each youth opportunity council established in accordance with this section shall be constituted so that (A) one-third of the members shall be representative of employment and training programs (including young men and women who are eligible youths under this part), (B) one-third of the members shall be representative of private sector programs (including business and labor), and (C) one-third of the members shall be representative of education programs (including secondary and postsecondary institutions).

"(2) In order to facilitate unified planning and review by the youth opportunity council of youth programs under this Act and under the Youth Education and Training Act, the prime sponsor may enter into an agreement with a local educational agency, or the State educational agency where the prime sponsor area includes areas served by more than one local educational agency, providing that under subsection (b)(1) the members described in clause (A) shall be named by the prime sponsor, the members described in clause (B) shall be named by the private industry council, and the members described in clause (C) shall be named by the local educational agency or by the State educational agency from names submitted by more than one local educational agency.

"GOVERNOR'S SPECIAL STATEWIDE YOUTH SERVICES

"SEC. 418. The amount available to the Governor of each State under section 411(a)(1) shall be used in accordance with a special statewide youth services plan, approved by the Secretary, for such purposes as—

"(1) providing financial assistance for training and employment opportunities for youths who are under the supervision of the State or other public authorities, or who are under the supervision or jurisdiction of the juvenile or criminal justice system, or for whom State services are otherwise appropriate;

"(2) providing labor market and occupational information to prime sponsors and local educational agencies;

"(3) providing for the establishment of cooperative efforts between State and local institutions, including (A) occupational, career guidance, counseling, and placement services for in-school and out-of-school youths; and (B) coordination of statewide activities carried out under the Career Education Incentive Act;

"(4) providing financial assistance for expanded and experimental programs in apprenticeship trades or development of new apprenticeship arrangements, in concert with appropriate businesses and labor unions or State apprenticeship councils;

"(5) carrying out special model training and employment programs, with particular emphasis on on-the-job training in the private sector, through arrangements between appropriate State agencies and prime sponsors in the State, combinations of such prime sponsors, or service deliverers selected by such prime sponsors; and

"(6) providing assistance to prime sponsors in developing programs to overcome stereotyping by sex, ethnic group, or handicap in career counseling, job development, job referral, and placement.

"Subpart 2—Incentive Grants

"DIVISION OF FUNDS

"SEC. 421. Of the funds available for incentive grants under this subpart, the Secretary shall make available not less than 38 percent thereof to be used for education cooperation incentive grants under section 423. The remainder may be used for special purpose incentive grants under section 422.

"SPECIAL PURPOSE INCENTIVE GRANTS

"SEC. 422. (a) Out of the funds available for this section, the Secretary shall set aside funds for various special purposes designed to assist in meeting objectives of national concern, including those set forth in subsection (e).

"(b) The Secretary may make special purpose incentive grants available in accordance with this section to prime sponsors, Governor's special statewide youth services under section 418, Native American programs qualified under section 302(c)(1), and migrant and seasonal farmworker programs qualified under section 303, but only if a matching amount of funds, as specifically established by the Secretary, is committed from their allocations under subpart 1 or other provisions of this Act or from other funds. The Secretary may require varying matching percentages for different special purpose categories, but shall not require matching funds greater than the funds provided under this section.

"(c) Preliminary apportionments for each such special purpose shall be announced to prime sponsors and published in the Federal Register on a timely basis along with a solicitation for grant applications. The Secretary shall make available not less than 25 percent of the total funds under this section in such manner that there will be apportioned to each prime sponsor, as its share of such percentage of such funds, not less than its equivalent share, if any, of allocations under section 411(b)(2)(B). Final apportionments shall be made at the time financial assistance is awarded to applicants, but neither the making of a final apportionment, the awarding of financial assistance, nor the obligation of such funds, shall preclude the Secretary from reapportioning or redistributing the funds at the end of the grant period, or during the grant period, if the Secretary determines that the program is being operated improperly or ineffectively, or that the purposes of this Act would be better served by apportioning or distributing such funds for other special purposes.

"(d) Special purpose incentive grants shall be awarded only to applicants which—

"(1) have submitted proposed programs which are adequately designed to meet the special purposes for which financial assistance is made available under this section;

"(2) have demonstrated performance of satisfactory quality in the past in carrying out programs under this Act; and

"(3) have equitably provided services under this Act to youths who are eligible under this part and to young adults age 22 through 24 who are seeking to enter working careers.

"(e) Special purpose incentive grants may be made available to assist in carrying out exemplary or innovative programs through a variety of approaches, including but not limited to—

"(1) programs for youths needing special services, such as youths with language barriers, youths who are handicapped individuals, youths who are pregnant teenagers or teenage mothers, youths who are alcohol or drug abusers, youths who are under the supervision of the State or other public authorities, and youths who are under the supervision or jurisdiction of the juvenile or criminal justice system;

"(2) programs to meet the differing needs of various geographical areas, including (A) activities in rural areas such as those coordinated with federally assisted efforts for improving transportation to provide easier access to better jobs, training youths for expanded employment opportunities in economic development projects and small businesses, and utilizing existing facilities as multipurpose training and employment centers; and (B) activities in urban areas such as those providing skills training to enable youths to obtain jobs paying adequate wages to meet the higher cost of living in densely populated areas, and training programs to enable disadvantaged youths to participate in employment initiatives in such areas as urban transportation and community development projects;

"(3) specific types of work projects, such as youth conservation projects, and youth community improvement projects, including the weatherization of homes occupied by low-income families;

"(4) special arrangements with various types of service deliverers, such as community-based organizations, community development corporations, private sector organizations and intermediaries, and labor related organizations;

"(5) a variety of mechanisms and arrangements to facilitate the employment of youths through private sector organizations and intermediaries; and

"(6) arrangements with labor organizations to enable youths to enter into apprenticeship training as part of the employment assistance provided under this section.

"EDUCATION COOPERATION INCENTIVE GRANTS

"SEC. 423. (a) The Secretary shall make education cooperation incentive grants available to prime sponsors to carry out programs developed on a cooperative basis with local educational agencies in accordance with this section.

"(b) Funds available under this section shall be used to cover part of the total costs of programs to be carried out pursuant to agreements with local educational agencies. Such funds may be used to supplement resources made available by the prime sponsor from funds under subpart 1 or other provisions of this Act or from other sources, which resources shall be coordinated with commensurate resources provided by the local educational agency, for the purpose of ensuring integrated programs of work experience and educational activities.

"(c) Education cooperation incentive grants may be used for activities carried out under this section or to augment activities under subpart 1, including but not limited to—

"(1) training and employment activities, but such funds shall not be used for standard courses of instruction in the secondary schools of any local educational agency which would otherwise be provided;

"(2) programs carried out through service deliverers other than local educational agencies, such as through community-based organizations and other nonprofit organizations, and through alternative arrangements, which may include classroom training leading toward a high school equivalency certificate;

"(3) adult basic education programs or programs carried out through postsecondary institutions, but no such program shall lead toward a postsecondary degree except where the Secretary may otherwise provide; and

"(4) occupational and career counseling, outreach, occupational exploration, and on-the-job training.

"(d)(1) In order to assist prime sponsors in planning programs under this section, the Secretary shall make preliminary apportionments of the funds available for this section among prime sponsors in the same manner as provided in section 411(b). Such preliminary apportionments shall be announced to prime sponsors and published in the Federal Register on a timely basis.

"(2) Final apportionments shall be made upon approval of programs under this section at the time financial assistance is awarded to prime sponsors. The Secretary may reapportion funds which are subsequently determined not to be needed during such fiscal year or if the Secretary determines that the program is being operated improperly or ineffectively.

"(e)(1) In using funds made available under this section, prime sponsors shall give priority to programs designed to encourage youths to remain in or resume attendance in secondary school or an educational program leading toward a high school equivalency certificate, including but not limited to the provision of part-time work during the school year and full-time work during the summer months for such youths.

"(2) In using such portion of its apportionment under this section as was apportioned in the same manner as provided for under section 411(b)(2)(B), a prime sponsor shall give priority to providing financial support, together with other funds which may be made available by the prime sponsor under this part, for work experience and other training and employment assistance to be provided for students attending target schools designated under the Youth Education and Training Act, consistent with the agreements with local educational agencies required by subsection (f).

"(f) Programs under this section shall be carried out pursuant to an agreement, which shall be reviewed by the youth opportunity council, between the prime sponsor and local educational agency or agencies serving areas within the prime sponsor area. Each such agreement shall—

"(1) provide that special efforts will be made to provide work needed by eligible youths in order to remain in or return to school or complete their education;

"(2) assure that participating youths will be provided training or meaningful work experience, designed to improve their abilities to make career decisions and to provide them with basic work skills and educational competencies needed for regular employment;

"(3) provide that job information, occupational counseling, career guidance, and job referral and placement services will be made available to participating youths; and

"(4) assure that work and training will be relevant to the educational and career goals of participating youths and will be designed to lead to regular employment.

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"Subpart 3—Secretary's Discretionary Programs

"DEVELOPMENTAL AND DEMONSTRATION PROGRAMS

"SEC. 431. (a) The Secretary is authorized, either directly or by way of grant or other agreements, to make arrangements with prime sponsors, public agencies, private organizations, and Federal departments and agencies, to carry out innovative, experimental, developmental, and demonstration programs including new and more effective approaches for dealing with the employment problems of youths, and to enable young men and women who are eligible to participate in programs under this part to prepare for, enhance their prospects for, or secure employment in occupations through which they may reasonably be expected to advance to productive working lives.

"(b) Such programs may include cooperative arrangements with educational agencies, community-based organizations, community development corporations, private sector organizations and intermediaries, labor-related organizations, and nonprofit organizations to provide special programs and services, including large-scale projects, for eligible youths, such as work experience (described in section 412(a)(2)), occupational counseling, and career guidance. Such programs may also include making available occupational, educational, and training information through career information systems.

"CONSULTATION BY THE SECRETARY

"SEC. 432. In carrying out or supporting programs under this subpart, the Secretary shall consult, as appropriate, with the Secretary of Education, the Secretary of Commerce, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, the Secretary of Agriculture, the Secretary of Energy, the Attorney General, the Director of the Community Services Administration, and the Director of the ACTION Agency.

"TRAINING, TECHNICAL ASSISTANCE, AND KNOWLEDGE DEVELOPMENT AND DISSEMINATION

"SEC. 433. The Secretary may use funds under this subpart for activities involving staff training (including training and retraining of counselors and other youth program personnel), technical assistance, and knowledge development and dissemination. Such activities shall be planned and carried out in coordination with similar activities under title III."

SPECIAL LIMITATIONS AND PROVISIONS

SEC. 105. (a) Section 441 of the Comprehensive Employment and Training Act is amended to read as follows:

"ALLOWANCES

"SEC. 441. No basic hourly allowance shall be paid to participating youths under the age of 18 for time spent in a classroom or institutional training activity, except in special circumstances as provided in regulations of the Secretary. Such allowances may be provided to participating youths age 18 and older pursuant to regulations of the Secretary. Allowances may be paid to cover documented costs of program participation such as transportation for eligible youths. Such youths may, at the discretion of the prime sponsor, receive monetary performance incentives as provided in regulations of the Secretary.".

(b) Paragraph (3)(D) of section 442 of such Act is amended by deleting the words "subparts 2 and 3" and substituting in lieu thereof the words "this part.".

(c) Section 444 of such Act is amended by—

(1) amending the heading to read "SPECIAL PROVISIONS";

(2) amending subsection (a) to read as follows:

"SEC. 444. (a) The provisions of section 121(i), relating to time limitations with respect to work experience, shall not be applicable, in whole or in part, to programs meeting such requirements as the Secretary shall prescribe in regulations. The Secretary, may provide, in such regulations, for appropriate time limitations based on such factors as the genuine need to provide certain eligible youths, or particular categories of such youths, work experience to enable them to become equipped for the world of work.".

(3) deleting subsection (b); and

(4) redesignating subsection (c) as subsection (b), and in such subsection deleting the words "subparts 2 and 3" and substituting in lieu thereof "this part".

(d) Section 445 of such Act is amended to read as follows:

"ACADEMIC CREDIT

"SEC. 445. In carrying out this part, appropriate efforts shall be made to encourage the granting by educational institutions or agencies of academic credit to eligible youths who are in classroom or institutional training activities. The Secretary shall cooperate with the Secretary of Education to make suitable arrangements with appropriate State and local educational officials whereby academic credit may also be awarded, consistent with applicable State law, for competencies derived from work experience and other appropriate activities under this part.".

(e) Section 446 of such Act is deleted, and the existing section 447 is redesignated as section 446.

(f) Section 483(a) of such Act is amended to read as follows:

"SEC. 483. (a) In order to receive financial assistance under this part, each prime sponsor shall include the summer youth program component as part of the youth plan submitted to the Secretary in accordance with section 414 of this Act."

COMMITTEE ON YOUTH

SEC. 106. Section 503 of the Comprehensive Employment and Training Act is amended by deleting the word "and" at the end of paragraph (9); by deleting the period at the end of paragraph (10) and substituting in lieu thereof a semicolon followed by the word "and"; and by adding a new paragraph (11) to read as follows:

"(11) establish a committee on youth to consider the problems caused by youth unemployment, make recommendations to enhance interagency coordination of youth programs, and evaluate the effectiveness and quality of training and employment policies and programs affecting youths, for the purpose of reporting thereon to the Commission on Employment Policy, which shall provide its advice thereon to the Secretary of Labor, the President, and the Congress."

REPORT

SEC. 107. (a) Section 127(j) of the Comprehensive Employment and Training Act is amended to read as follows:

"(j) In the annual report required under subsection (a), the Secretary shall report on the programs, activities, and actions taken under title IV of this Act."

(b) Section 3(15)(B) of the Comprehensive Employment and Training Act is amended by deleting the words "of subpart 3".

TECHNICAL AND CLARIFYING AMENDMENTS

SEC. 108. The Comprehensive Employment and Training Act is further amended as follows:

(a) The first sentence of section 302(c)(1)(A) is amended by deleting all that appears after the word "body" through the comma.

(b) Section 124(a) is amended by inserting the following new paragraph after paragraph (4)—

> "(5) Participants may be provided allowances for transportation and other expenses incurred in training or employment."

(c) The second sentence of section 106(b) is amended to read as follows—

"The Secretary shall conduct such investigation and make a determination regarding the truth of the allegation not later than 120 days after receiving the complaint."

(d) Section 106(d)(2) is amended by deleting the words "public service employment"; by deleting the words "section 121 (c)(2), (c)(3), (g)(1), section 122 (c), (e), or section 123(g)" and substituting in lieu thereof "this Act"; and by deleting the words "such sections" both times they appear and substituting in lieu thereof "this Act".

(e) Section 107(a) is amended by deleting the word "person" each of the three times it appears and substituting in lieu thereof "party".

TECHNICAL CORRECTION

SEC. 109. Section 508(b)(3) of the Department of Education Organization Act, Public Law 96–88, is amended by deleting the words "section 302(c)" and substituting in lieu thereof "section 303(c)".

REFERENCES TO DEPARTMENT OF EDUCATION

SEC. 110. (a) Wherever the terms "Secretary of Health, Education, and Welfare" or "Department of Health, Education, and Welfare" appear in sections 311(b), 457(c) and 462(b) of the Comprehensive Employment and Training Act, they are amended to read "Secretary of Education" or "Department of Education", respectively.

(b) Section 305 of the Comprehensive Employment and Training Act is amended by deleting the words "and the Secretary of Health, Education, and Welfare" and the words "Labor and Health, Education, and Welfare" where they occur, and substituting in lieu thereof, respectively, the words "the Secretary of Health and Human Services and the Secretary of Education" and "Labor, Health and Human Services, and Education".

(c) Section 505(b) of the Older Americans Act is amended by deleting the words "Secretary of Health, Education, and Welfare" and substituting in lieu thereof the words "Secretary of Health and Human Services and the Secretary of Education".

TRANSITIONAL PROVISIONS

Section 111. (a) To the extent necessary to provide for the orderly transition of youth training and employment programs in fiscal year 1981, the Secretary of Labor is authorized to provide financial assistance in the same manner and under the same conditions as provided under subparts 2 and 3 of part A and under part C of title IV of the Comprehensive Employment and Training Act, as in effect prior to the enactment of the Youth Training and Employment Act of 1980, from funds appropriated to carry out title IV of the Comprehensive Employment and Training Act as amended by the Youth Training and Employment Act of 1980.

(b) The authority contained in this section shall not be construed to postpone or impede, upon the enactment of this Act, planning for and implementation of the amendments made by this Act.

(c) The amendments made by this Act shall be effective on October 1, 1980, except that sections 108 through 110 of this Act shall be effective upon enactment of this Act.

TITLE II—FINANCIAL ASSISTANCE TO MEET BASIC AND EMPLOYMENT SKILLS NEEDS OF SECONDARY SCHOOL YOUTH

FINDINGS; PURPOSE; SHORT TITLE

SEC. 201. (a) FINDINGS.—The Congress finds that:

(1) High levels of youth unemployment predominantly occur among disadvantaged and minority youth, particularly those who live in poor urban and rural areas.

(2) Key factors contributing to high rates of youth unemployment are a lack of basic reading, writing and computational skills, and a lack of general employment and job-seeking skills.

(3) Secondary schools can play a critical role in efforts to improve youth employment through the development of basic and employment skills by building on existing Federal and State assistance for special educational services for disadvantaged students, most of which is channeled to elementary school students.

(b) PURPOSE.—The purpose of this title is to provide financial assistance—

(1) to increase youth employability by promoting mastery of basic and employment skills among disadvantaged youth in grades 7 through 12 through locally developed school-based programs;

(2) to target resources and services on schools with high concentrations of poor or low-achieving students; and

(3) to promote a partnership among educators, employment and training officers, and private sector

employers that effectively links education, training, and work experiences for disadvantaged youth.

(c) SHORT TITLE.—This title may be cited as the "Youth Education and Training Act".

DURATION OF ASSISTANCE

SEC. 202. During the period beginning October 1, 1980, and ending September 30, 1984, the Secretary shall, in accordance with the provisions of this title, make payments to State educational agencies for grants made on the basis of entitlements created under this title.

PART A—PROGRAMS OPERATED BY LOCAL EDUCATIONAL AGENCIES

BASIC GRANTS—ELIGIBILITY AND AMOUNT

SEC. 205. (a) ELIGIBILITY FOR GRANTS.—(1) Subject to the provisions of subsection (c)(3), each county in a State is entitled to a grant under this part for any fiscal year if—

(A) the number of children counted under paragraph (2) of this subsection exceeds five thousand and exceeds 5 percent of the total number of children aged five to seventeen, inclusive, in the county, or

(B) the number of children counted under paragraph (2) exceeds 20 percent of the total number of children aged five to seventeen, inclusive, in the county.

(2)(A) The number of children to be counted for purposes of paragraph (1) of this subsection is the aggregate of—

(i) the number of children aged five to seventeen, inclusive, in the county from families below the poverty level, as determined under subparagraph (B);

(ii) the number of children aged five to seventeen, inclusive, in the county from families above the poverty level, as determined under subparagraph (C); and

(iii) the number of children aged five to seventeen, inclusive, in the county living in institutions for neglected or delinquent children (other than such institutions operated by the United States) but not counted pursuant to subpart 1 of part B of this title for the purposes of a grant to a State agency, or being supported in foster homes with public funds, as determined under subparagraph (C).

(B) For the purposes of this subsection, the Secretary shall determine the number of children aged five to seventeen, inclusive, from families below the poverty level on the basis of the most recent decennial census. In making this determination, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census.

(C) For purposes of this subsection, the Secretary shall determine the number of children aged five to seventeen, inclusive, from families above the poverty level on the basis of the number of such children from families receiving an annual income, in excess of the current criteria of poverty, from payments under the program of aid to families with dependent children under a State plan approved under Title IV of the Social Security Act; and in making those determinations the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the most recent decennial census for a nonfarm family of four in such form as those criteria have been updated by increases in the Consumer Price Index. The Secretary shall determine the number of such children and the number of children of such ages living in institutions for neglected or delinquent children, or being supported in foster homes with public funds, on the basis of the caseload data for the month of October of the preceding fiscal year (using, in the case of children described in the preceding sentence, the criteria of poverty and the form of such criteria required by that sentence which were determined for the calendar year preceding such month of October) or, to the extent that such data are not available to the Secretary before January of the calendar year in which his determination is made, then on the basis of the most recent reliable data available to him at the time of the determination.

(b) AMOUNT OF GRANT—PUERTO RICO.—The amount of the grant to which the Commonwealth of Puerto Rico is entitled under this part for any fiscal year shall be an amount which bears the same ratio to the sums available for this part in accordance with the provisions of subsection (e) for that year as (A) the product of the total number of children in the Commonwealth counted in accordance with subsection (a)(2) multiplied by 80 percent of the average per pupil expenditure in the United States multiplied by the percentage described in the following sentence bears to (B) the aggregate of the products resulting from multiplying the total number of children in each State counted in accordance with subsection (a)(2) by the average per pupil expenditure for the State, except that (i) if the average per pupil expenditure in the State is less than 80 percent of the average per pupil expenditure in the United States, the multiplier shall be 80 percent of the average per pupil expenditure in the United States, or (ii) if the average per pupil expenditure for the State is more than 120 percent of the average per pupil expenditure in the United States, the multiplier shall be 120 percent of the average per pupil expenditure in the United States. The percentage referred to in clause (A) of the preceding sentence is the percentage that results when the average per pupil expenditure of Puerto Rico is divided by the lowest average per pupil expenditure of any of the 50 States.

(c)(1) AMOUNT OF GRANT—OTHER STATES.—For each county in a State other than the Commonwealth of Puerto Rico eligible to receive a grant under this section for any fiscal year, the Secretary shall determine the product of—

(A)(i) two-thirds of the number of children in excess of five thousand counted under subsection (a)(2) or (ii) the number of children counted under that subsection in excess of 20 percent of the total number of children aged five to seventeen, inclusive, in that county, whichever is greater; and

(B) the average per pupil expenditure in the State in which the county is located, except that (i) if the average per pupil expenditure in the State is less than 80 percent of the average per pupil expenditure in the United States, the multiplier shall be 80 percent of the average per pupil expenditure in the United States, or (ii) if the average per pupil expenditure for the State is more than 120 percent of the average per pupil expenditure in the United States, the multiplier shall be 120 percent of the average per pupil expenditure in the United States.

(2) Subject to the provisions of paragraph (3) and (4), the amount of the grant to which an eligible county is entitled under this part for any fiscal year shall be an amount which bears the same ratio to the sums available for this part in accordance with the provisions of subsection (e) for that year less the amount paid to the Commonwealth of Puerto Rico under subsection (b), as the product (determined under paragraph (1) for that county for that fiscal year bears to the sum of those products for all counties that are eligible in accordance with subsection (a) for that year.

(3) In the case of any county that satisfies the eligibility requirements for receipt of a grant contained in subsection (a), but whose grant, calculated in accordance with the provisions contained in paragraph (2) of this subsection, would amount to less than $25,000, the amount to which that county would otherwise be entitled to receive under this section shall not be paid to that county and shall be retained by the State educational agency and added to the amount available to the State educational agency for the purposes of making payments in accordance with the provisions of subpart 2 of part B of this title.

(4) If the aggregate of the grants, calculated in accordance with the provisions of paragraph (2), to which eligible counties in a State are entitled, amounts to less than one-third of 1 percent of the total funds available under subsec-

tion (e) for this part for any fiscal year, then the total payment to the State under subsection (d) shall be increased to an amount equal to that percentage, and the allocations of counties in other States shall be ratably reduced to the extent necessary to bring the aggregate of those allocations within the limits of the funds available under subsection (e). The amount by which a State's payment is increased under the first sentence of this paragraph shall be retained by the State educational agency and added to the amount available to that agency for the purpose of making payments in accordance with the provisions of subpart 2 of part B of this title.

(d) PAYMENT; USE OF FUNDS.—(1) The Secretary shall pay to a State the total amount to which the counties in that State are entitled under this section for any fiscal year. The State educational agency shall, pursuant to criteria established by the Secretary, allocate 75 percent of each county's entitlement among the local educational agencies that are eligible in accordance with the provisions of paragraph (2) and whose school districts lie (in whole or in part) within that county. The allocation shall be based on the distribution in those districts of children aged five to seventeen, inclusive, from low-income families. The remaining 25 percent of each county's entitlement shall be used in accordance with the provisions of subpart 3 of part B of this title.

(2) A local educational agency is eligible to receive a payment from the county entitlement under paragraph (1) if at least two hundred of its children aged 5 to 17, inclusive, or at least 20 percent of those children, are from low-income families as determined by the State educational agency. A local educational agency may combine with another local educational agency whose district lies within the county for the purpose of establishing eligibility for a payment under the preceding sentence and for the purpose of submitting the application described in section 206 and meeting the other requirements of this part.

(3) The amount paid to a local educational agency under this section shall be used by that agency for activities undertaken pursuant to its application submitted under section 206 and shall be subject to the other requirements of this part.

(e) AVAILABILITY OF FUNDS.—From the sums appropriated for this title for any fiscal year, other than the sums set aside under section 258 and section 259, 87.5 percent shall be available for making payments in accordance with the provisions of this part.

LOCAL PROGRAM APPLICATION

SEC. 206. GENERAL.—A local educational agency is eligible for a grant under this part for a fiscal year if it has submitted an application to the State educational agency. An application shall be approved by the State educational agency upon its determination that the application provides for the use of funds in a manner which meets the requirements of this part and is consistent with the requirements contained in section 436 of the General Education Provisions Act, subject to such additional basic criteria as the Secretary may prescribe.

DEVELOPMENT OF INITIAL SCHOOL PLANS

SEC. 207. (a) GENERAL PURPOSE.—Notwithstanding any other provision of this part, a local educational agency shall use funds it receives under this part for fiscal year 1981 to provide assistance to secondary schools within its district, selected in accordance with the provisions of subsection (b), to develop three-year plans that meet the requirements of subsection (e).

(b) SCHOOL ELIGIBILITY.—A secondary school is eligible to receive planning assistance under this section only if—

(1) it serves a large number or percentage of children from low-income families; or

(2) at least 75 percent of its students score below the 25th percentile in basic skills achievement on an objective test.

The local educational agency shall select, and make publicly available, the measures of low income and basic skills achievement it uses to identify the schools that are eligible to receive assistance under this section.

(c) RANKING AND SELECTION OF SCHOOLS.—(1) Except as provided in paragraph (2), a local educational agency shall rank all of its secondary schools from highest to lowest in concentration of students from low-income families. Notwithstanding the preceding sentence, the agency may rank a school that is eligible under subsection (b)(2) ahead of a school that (as measured under that subsection) has a significantly lower concentration of students deficient in basic skills achievement. A local educational agency may provide planning assistance to a secondary school that applies under this section only if it also provides assistance to all other eligible secondary schools that apply and are ranked higher under this subsection. A local educational agency may conduct separate rankings for each set of secondary schools with comparable grade spans, but the total number of eligible schools may not exceed that produced under a single ranking. Except as necessary to comply with the following sentence, a local educational agency may not award planning assistance under this section to fewer than twice the number of schools that it expects to be able to provide implementation assistance under section 208. In any local educational agency in which there are eight or more secondary schools, that agency shall award planning assistance to no more than 50 percent of the total number of secondary schools that are eligible in accordance with the provisions of subsection (b).

(2) In the case of any local educational agency whose secondary schools number eight or more and in which the enrollment of children from low-income families is uniformly distributed among all secondary schools, that agency may request the State educational agency to approve an alternative proposal for distributing funds under this section in lieu of the approach described in paragraph (1). The State educational agency shall approve any proposal submitted under the preceding sentence if it determines that the local educational agency's alternative would more effectively meet the needs of the lowest achieving students of that agency.

(d) Amount of Planning Grant.—In providing assistance to any secondary school under this section, a local educational agency shall award each school an amount sufficient to ensure the development of a school plan whose size, scope and quality are such that it would further the purposes of this title.

(e) Plan Requirement.—The principal of a secondary school that receives planning assistance under this section shall submit to the local educational agency, within a time established by that agency, a three-year school plan whose submission has been approved by the school site council established in accordance with subsection (f) and that contains the following elements:

(1) Specific short-term and long-term goals for improving basic skills achievement, reducing the student dropout rate, improving student attendance, improving employment skills, strengthening the transition to work, and eliminating stereotyping by race, sex, national origin, or handicapping condition.

(2) Specific approaches for achieving the goals described in paragraph (1) and means for measuring annual progress toward attainment of those goals.

(3) Methods that ensure that students participate in the program without regard to race, sex, national origin, or handicapping condition.

(4) A staff development plan.

(5) A school management plan, including a budget, designed to employ the total resources of the school in meeting the goals described in paragraph (1).

(6) A community outreach plan, including specific provisions designed to involve parents in the education of their children.

(7) Plans to collaborate with the prime sponsor (as defined in section 260) and the private sector in the development of work experience and cooperative education programs for students in grades 10 through 12.

(8) Procedures for developing for each disadvantaged student in that school a basic skills and employ-

ment record that contains elements approved by the prime sponsor and the local private industry council, established in accordance with section 704 of the Comprehensive Employment and Training Act of 1973.

(9) Approaches the school will use to attract back to school those youth aged 16 through 19 who left school prior to earning a certificate of graduation.

(10) Plans to utilize and coordinate appropriate resources available through other local, State, and Federal programs in the effort to achieve the goals described in paragraph (1).

(11) Plans to provide support services, including day care and transportation, when those services are essential to the participation in the program of disadvantaged students and are not available through other local, State, or Federal programs.

(f) SCHOOL SITE COUNCIL.—Any school that receives planning assistance under this section shall establish a school site council to assist the principal of that school in the development of a school plan that meets the requirements of subsection (e). In the event that the school plan is funded by the local educational agency in accordance with section 208, the school site council shall assist the principal in the implementation of the plan, and the attainment and evaluation of its goals. The council members shall be selected in accordance with criteria of the Secretary, except that the council shall have a sex, ethnic, and racial composition that reflects that of the school's student population and shall have representatives from each of the following groups: (1) parents of children enrolled at that school; (2) teachers at that school; (3) local business; (4) organized labor; (5) prime sponsor; (6) students; and (7) community-based organizations. Teachers' representatives shall be selected by their peers and shall constitute at least one-third of the total membership of the council. The principal shall serve as chairman of the council.

(g) USE OF PLANNING FUNDS.—In addition to expenses directly related to the development of a school plan in accordance with the requirements of this section, a secondary school may use funds received under this section for expenses relating to inservice training designed to prepare school staff for the implementation of the plan.

REQUIREMENTS FOR IMPLEMENTATION OF SCHOOL PROGRAMS

SEC. 208. (a) SCHOOL SELECTION.—A local educational agency may use funds received under this part only for programs that are designed to meet the special needs of secondary school students who lack basic and employment skills. The local educational agency, in consultation with an advisory committee established in accordance with the provisions of section 209, shall select from among the school plans submitted under section 207 those schools that are to receive implementation assistance under this section on the basis of criteria established by the local educational agency. Those criteria shall include the following—

(1) The appropriateness of the goals established by the school in its plan and the means for measuring progress toward attainment of those goals.

(2) The extent to which the school would meet the needs of its students to improve basic and employment skills, provide inservice training that would enhance the capability of the entire school to meet the instructional needs of its low achieving students, provide information to students about work opportunities and the relationship of the school to the private sector and prime sponsor, eliminate race, sex, national origin and handicap stereotyping in career information and work experience, and provide for the integration of work experiences with the academic curriculum in order to motivate students to achieve academically and to stay in school.

(3) The extent to which the school involved parents, teachers, the private sector, prime sponsors, and other appropriate segments of the local community in the development of the plan and the extent to which

the plan calls for the ongoing involvement of these groups in the implementation of the plan.

(4) The quality of the efforts made by the school to determine the nature and extent of the needs of its students and the extent to which the plan corresponds to those needs.

(5) The extent to which the school would use and coordinate all available resources, including other Federal and State funds, and improve the use of existing resources, to achieve its goals.

(b) FUNDING.—The local educational agency shall determine the amount and duration of assistance provided to secondary schools under this section, except that—

(1) it shall provide assistance, for no fewer than three consecutive years, to each school selected by it under subsection (a), so long as the local educational agency determines that the school is making substantial, documented progress toward meeting the short- and long-range goals described in section 207(e)(1);

(2) each such school is eligible to receive assistance in amounts that will enable it to conduct activities that will have a major, sustained effect on the achievement, retention, and employment opportunities of disadvantaged youth;

(3) subject to the provisions of paragraph (4), each such school is eligible to receive a minimum award not less than the greater of the following:

(A) $25,000; or

(B) 30 percent of the product of (A) the State average per pupil expenditure, multipled by (B) the total number of children enrolled at that school who are from low-income families, or the total number of children who score below the 25th percentile in basic skills achievement on an objective test, whichever is greater. For purposes of identifying children to be counted under this subparagraph, the local educational agency shall use the same measures it used for the purpose of identifying children to be counted under section 207(b); and

(4) if the school uses special State or Federal funds to provide compensatory education in the basic skills to disadvantaged children, the local educational agency may take these funds into consideration in determining the amount of assistance provided to the school under this section.

(c) Planning.—During any fiscal year subsequent to fiscal year 1981, a local educational agency may use not more than 2.5 percent of the funds available to it under this part for that year to assist secondary schools to develop plans under section 207 for programs designed to improve the basic and employment skills of disadvantaged students.

LOCAL DISTRICT ADVISORY COUNCIL

SEC. 209. Except as provided in section 417(b)(2) of the Comprehensive Employment and Training Act of 1973, as amended by section 103 of this Act, each local educational agency that receives funds under this section shall establish an advisory council to recommend to the agency schools for assistance under section 207 and section 208, and services to be provided to nonpublic school students under section 213. The council shall also advise the local educational agency with respect to the evaluation of each school's progress toward achievement of its goals. Members of the advisory body shall be selected by the local educational agency in accordance with procedures prescribed by the Secretary, and shall be representative of—

(1) parents, at least one of whom is selected by members of the district advisory council established under section 125 of the Elementary and Secondary Education Act of 1965;

(2) local citizens, including youth;

(3) private industry;

(4) the prime sponsor;

(5) community-based organizations;

(6) teachers;

(7) private schools; and

(8) labor organizations.

The advisory body shall have a sex, ethnic, and racial composition that corresponds as closely as possible to the composition of the population of the area served by the local educational agency.

FUNDS ALLOCATION

SEC. 210. (a) MAINTENANCE OF EFFORT.—A local educational agency is eligible for assistance under this title for any fiscal year only if the State educational agency finds that the combined fiscal effort per student or the aggregate expenditures of that agency and the State with respect to the provision of free public education by that agency for the preceding fiscal year was not less than the combined fiscal effort per student or the aggregate expenditures for that purpose for the second preceding fiscal year.

(b) RESOURCE EQUIVALENCY.—(1) A local educational agency receiving funds under this part shall ensure that the regular funds from non-Federal sources for schools receiving funds under this part be substantially equivalent, in the aggregate, to the funds provided similar schools not funded under this part.

(2) A local educational agency receiving funds under this part must ensure that these funds increase the level of

resources available to schools receiving funds under this part and that Federal, State, and local supplemental funds be equitably distributed, in the aggregate, to schools receiving funds under this title in comparison with similar schools not receiving funds under this title.

COMPLAINT RESOLUTION

SEC. 211. A local educational agency that receives assistance under this part shall develop and implement, in accordance with criteria prescribed by the Secretary, written procedures for the resolution of compliants made to that agency by advisory councils, parents, teachers, or other concerned organizations or individuals concerning violations of this title, or of applicable provisions of the General Education Provisions Act in connection with programs under this title. The procedures shall—

(1) provide specific time limits for investigation and resolution of complaints, which shall not exceed thirty days unless a longer period of time is provided by the State educational agency due to exceptional circumstances in accordance with criteria prescribed by the Secretary;

(2) provide an opportunity for the complainant or the complainant's representative, or both, to present evidence, including an opportunity to question parties involved;

(3) provide the right to appeal the final resolution of the local educational agency to the State educational agency within thirty days after receipt of the written decision; and

(4) provide for the dissemination of information concerning these procedures to interested parties, including all district and school advisory councils.

REPORTS

SEC. 212. The reports which a local educational agency is required by section 436(b)(4) of the General Education Provisions Act to make to appropriate State agencies and the Secretary shall be made no less frequently than annually and shall include a detailed description of the progress made by each school assisted under this part to meet its objectives. This description shall include the specific performance criteria used by each school to measure progress.

PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS

SEC. 213. GENERAL REQUIREMENTS.—(a)(1) From the funds available to a local educational agency under this part for any fiscal year, the agency shall set aside an amount which bears the same ratio to the total funds available as the number of children in that district who are described in section 205(a)(2) and who are enrolled in nonpublic secondary schools bears to the total number of children enrolled in secondary schools in that district who are described in section 205(a)(2). The local educational agency shall use the funds so set aside to arrange, in a manner consistent with the Constitution of the United States and local, State, and Federal law, for the provision of special services to disadvantaged students who are enrolled in nonpublic secondary schools within its district on a basis comparable to those provided to similar students enrolled in the secondary schools of the local educational agency. In arranging for the provision of special services under this section, a local educational agency shall give priority to students enrolled in schools with high concentrations of students who are from low income families or who demonstrate limited academic achievement.

(2) In carrying out the provisions of this subsection, a local educational agency may (A) provide services to the students enrolled in nonpublic secondary schools that do not discriminate on the basis of race, color, or national origin or (B) make payments to a nonpublic secondary school that does not discriminate on the basis of race, color, or national origin so that it may arrange for those services, except that a local educational agency may make payments under clause (B) only to a school that is not devoted to religious ends or uses. Any nonpublic school that receives payments under clause (B) shall be subject to all the requirements under this part

applicable to a local educational agency other than sections 210 (b) and (c).

(b) BYPASS PROVISION.—(1) If the Secretary determines that a local educational agency (A) is prohibited or substantially impeded by State or local law or policy from providing special services to students enrolled in nonpublic schools as required by subsection (a), or (B) has substantially failed to arrange for the provision of services to those children on a comparable basis as required by that subsection, the Secretary shall waive that requirement and arrange for the provision of services to those children through arrangements which shall be subject to the requirements of subsection (a).

(2)(A) When the Secretary arranges for services pursuant to this subsection, he shall, after consultation with the appropriate public and private school officials, pay to the provider the cost of those services, including the administrative cost of arranging for those services, from the appropriate allocations under this part.

(B) Pending final resolution of any investigation or complaint that could result in a determination under this subsection, the Secretary may withhold from the appropriate allocations the amount he estimates would be necessary to pay the cost of those services.

(C) Any determination by the Secretary under this section shall continue in effect until the Secretary determines that there will no longer be any failure or inability on the part of the local educational agency to meet the requirements of subsection (a).

(3)(A) The Secretary shall not take any final action under this subsection until the State educational agency and local educational agency affected by that action have had an opportunity, during a period of at least forty-five days after receiving written notice thereof, to submit written objections and to appear before the Secretary or his designee to show cause why the action should not be taken.

(B) If a State or local educational agency is dissatisfied with the Secretary's final action after a proceeding under subparagraph (A) of this paragraph, it may within sixty days after notice of such action, file with the United States court of appeals for the circuit in which that State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(C) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(D) Upon the filing of a petition under subparagraph (B), the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

PART B—PROGRAMS OPERATED BY STATE AGENCIES

Subpart 1—Programs for Special Populations

ELIGIBILITY AND AMOUNT

SEC. 221. (a) ENTITLEMENT.—A State educational agency or a combination of such agencies, upon application for a fiscal year, shall be entitled to a grant under this subpart for that year, to establish or improve, either directly or through local educational agencies or other State agencies, programs for migratory children of migratory agricultural workers or of migratory fishermen and programs for children in institutions for neglected or delinquent children or in adult correctional institutions which meet the requirements of section 222.

(b) Amount of Grant.—(1) For each State eligible to receive a grant under this subpart for any fiscal year, the Secretary shall determine the product of—

(A) the number of children in the State who are counted in accordance with the provisions of paragraph (3); and

(B) the average per pupil expenditure in the State, except that (i) if the average per pupil expenditure in the State is less than 80 percent of the average per pupil expenditure in the United States, the multiplier shall be 80 percent of the average per pupil expenditure in the United States, or (ii) if the average per pupil expenditure in the State is more than 120 percent of the average per pupil expenditure in the United States, the multiplier shall be 120 percent of the average per pupil expenditure in the United States.

(2) The amount of the grant to a State under this subpart for a fiscal year shall be an amount which bears the same ratio to the total funds available for this subpart for that year as the product determined under paragraph (1) for that State for that fiscal year bears to the sum of the products for all States that are eligible for a grant under this subpart for that fiscal year.

(3) The number of children to be counted for purposes of paragraph (1) is the aggregate of—

(A) the estimated number of migratory children of migratory agricultural workers or of migratory fishermen who are aged five to seventeen, inclusive, and who reside in the State full time;

(B) the full-time equivalent of the estimated number of such migratory children who are aged five to seventeen, inclusive, and who reside in the State part time, as determined by the Secretary; and

(C) the number of neglected or delinquent children in average daily attendance, as determined by the Secretary, at schools for those children operated or supported by a State agency, including schools providing education for those children under contract or other arrangement with the State agency.

(c) AVAILABILITY OF FUNDS.—From the sums appropriated for this title for any fiscal year, other than sums set aside under section 258 and section 259, 2.5 percent shall be available for the purpose of making payments in accordance with the provisions of this subpart.

PROGRAM REQUIREMENTS

SEC. 222. (a) REQUIREMENTS FOR APPROVAL OF APPLICATION.—The Secretary may approve an application submitted under section 221 only upon his determination that payments will be used for programs at the secondary school level—

(1)(A) which are designed to improve the basic and employment skills of migratory children of migratory agricultural workers or of migratory fishermen, and to coordinate those programs with similar programs in other States, including the transmittal of pertinent information with respect to school records of those children;

(B) that in planning and carrying out programs there has been and will be appropriate coordination with State employment and training programs, and programs administered under section 303 of the Comprehensive Employment and Training Act of 1973;

(C) that the programs will be administered and carried out in a manner consistent with the basic objectives of part A of this title; and

(2) which are designed to improve the basic and employment skills of youth in institutions for neglected or delinquent children or in adult correctional institutions. These programs shall be designed to support educational services supplemental to the basic education of those children that must be provided by the State, and shall be administered and carried out in a manner consistent with part A of this title.

(b) BYPASS PROVISION.—If the Secretary determines that a State is unable or unwilling to conduct educational programs for migratory children of migratory agricultural workers or of migratory fishermen, or that it would result in more efficient and economic administration, or that it would add substantially to the welfare or educational attainment of such children, he may make special arrangements with other public or nonprofit private agencies to carry out the purposes of this section in one or more States, and for this purpose he may use all or part of the total of grants available for any such State under this section.

Subpart 2—State Supplemental Programs

ELIGIBILITY AND AMOUNT

SEC. 231. (a) ENTITLEMENT.—A State educational agency, upon its application for a fiscal year, shall be entitled to receive a grant for that year under this subpart to establish or improve, through local educational agencies, programs designed to improve the basic and employment skills of disadvantaged secondary school students.

(b) AMOUNT OF GRANT.—(1) For each State eligible to receive a grant under this subpart for any fiscal year, the Secretary shall determine the product of—

(A) the number of children in the State who are counted in accordance with section 205(a)(2); and

(B) the average per pupil expenditure in the State, except that (i) if the average per pupil expenditure in the State is less than 80 percent of the average per pupil expenditure in the United States, the multiplier shall be 80 percent of the average per pupil expenditure in the United States, or (ii) if the average per pupil expenditure in the State is more than 120 percent of the average per pupil expenditure in the United States, the multiplier shall be 120 percent of the average per pupil expenditure in the United States.

(2) Subject to the provisions of section 241, the amount of the grant which shall be made available to a State under this subpart for any fiscal year shall be an amount which bears the same ratio to the total funds available for this subpart as the product determined under paragraph (1) for that State for that fiscal year bears to the sum of the products for all States that are eligible for a grant under this subpart for that fiscal year.

(c) AVAILABILITY OF FUNDS.—From the sums appropriated for this title for any fiscal year, other than sums set aside under section 258 and section 259, 10 percent shall be available for the purpose of making payments in accordance with the provisions of this subpart.

PROGRAM REQUIREMENTS

SEC. 232. The Secretary may approve an application submitted under section 231 only upon his determination that—

(1) payments will be used for planning and implementing programs that are designed to improve the basic and employment skills of disadvantaged students;

(2) programs will be conducted at secondary schools (regardless of whether they are within local educational agencies eligible to receive assistance under part A of this title) that meet the eligibility requirements contained in section 207(b);

(3) the State will administer the programs under this subpart in a manner consistent with the basic objectives of and procedures contained in part A; and

(4) the State will establish an advisory body in accordance with section 233.

ADVISORY COUNCIL

SEC. 233. To be eligible for assistance under this subpart, a State shall establish an advisory council whose function shall be to advise the State educational agency in the selection of schools to be assisted under section 231. The Governor of the State and the State educational agency shall designate equal numbers of members of the council. The Governor and the Sate educational agency shall select two-thirds of the members of the council from among the individuals who serve as members of the following groups:

(1) The State employment and training council, established in accordance with section 110 of the Comprehensive Employment and Training Act of 1973; and

(2) The State advisory council for vocational education, established in accordance with section 105 of the Vocational Education Act.

Subpart 3—Vocational Education Program

PAYMENTS TO STATE

SEC. 241. (a) GENERAL.—The Secretary shall pay, from the amount available to each State for grants under this title, an amount equal to 25 percent of the total funds to which the State is entitled under part A, subpart 2 of this part and section 256 to the sole State agency for vocational education for the purpose of planning and implementing, through local education agencies, programs to improve the basic skills, employment skills and special occupational skills of disadvantaged in-school and out-of-school youth that are consistent with the requirements of this subpart.

(b) SPECIAL DEFINITIONS.—For the purposes of this subpart—

(1) "in-school youth" means students enrolled in grades 10 through 12; and

(2) "out-of-school youth" means youth aged 16 through 19 who left school prior to earning a certifi-

cate of graduation and who are eligible for services under title I of this Act.

PROGRAM REQUIREMENTS

SEC. 242. The Secretary may make the payments authorized by section 241 only upon his determination that—

(1) the funds attributable to part A, subpart 2 of this part, and section 256 will be used in a manner consistent with the objectives and pursuant to the requirements contained in each of those authorities, respectively;

(2) the sole State agency for vocational education will use the funds attributable to part A to provide assistance to counties in amounts that, in the aggregate, equal that portion of the county's entitlement under part A that is made available to the sole State agency under this subpart;

(3) the sole State agency for vocational education will approve the percentage of assistance provided to each local educational agency under this subpart that may be used for programs designed to serve out-of-school youth, except that any percentage may not be less than 15 percent and may not be more than 30 percent unless the sole State agency determines that a higher percentage is warranted by special circumstances in that district;

(4) in any State in which the sole State agency for vocational education is not the State educational agency, the sole State agency will not provide assistance pursuant to an application submitted in accordance with section 243 unless it has been approved by the State educational agency; and

(5) funds will be used to assist programs designed to improve special occupational skills only if the projects provide training in occupation skills areas for which there is a clear and documented local need. A local educational agency may document local need by means of a written agreement with the local private industry council established in accordance with section 704 of the Comprehensive Employment and Training Act of 1973 that acknowledges that the need exists and that the local business and industrial community is committed to placing successful graduates of the program in jobs, including the placement of graduates in jobs nontraditional for their sex.

LOCAL AGENCY APPLICATION

SEC. 243. (a) A local educational agency is eligible for assistance under this subpart for a fiscal year only if it has submitted to the sole State agency for vocational education an application describing the programs to be conducted, for a period of three fiscal years that includes that fiscal year, with assistance provided under this subpart. The application must be signed by the local prime sponsor in any instance in which the prime sponsor would jointly fund the activities described in the application, and by the local district for vocational education in any area in which that agency is distinct from the local educational agency. The application may be amended at any time to describe changes in or additions to the activities originally set forth in the application. An application or amendment thereto shall be approved by the sole State agency and the State educational agency, in States where those two agencies are distinct, upon their determination that the application meets the specific requirements of subsection (b) of this section and provides for the use of funds in a manner which meets the requirements of this subpart, part A, the General Education Provisions Act, and such basic criteria as the Secretary may prescribe.

(b) Each application submitted by a local educational agency under this section shall contain—

(1) assurances that funds attributable to part A for any fiscal year will be used only to assist programs conducted at secondary schools that have submitted a consolidated plan for funding under part A and this subpart and are selected to receive assistance under part A for that year;

(2) assurances that, in any case where the local educational agency is not the local district for vocational education, that both agencies have agreed upon a single set of criteria for use in determining school eligibility under section 207(b) and under this subpart;

(3) a description of how the local educational agency will determine the allocation of funds between programs designed to serve in-school and out-of-school youth; and

(4) assurances that programs designed to serve out-of-school youth will be operated in close cooperation with the local prime sponsor and private business.

Part C—General Provisions

APPLICABILITY OF GENERAL EDUCATION PROVISIONS ACT

Sec. 251. In addition to other requirements contained in this title and except as provided in the next sentence, the requirements of the General Education Provisions Act that relate to local, State, and Federal administration of applicable programs applies to the programs assisted under this title. For the purposes of this title, the provisions of section 434(a) of that Act, relating to submission of a State monitoring plan, are deemed mandatory upon the Secretary, and the provisions of section 434(b) of that Act, relating to enforcement of Federal requirements, are deemed mandatory upon the States.

COORDINATION, TECHNICAL ASSISTANCE AND DISSEMINATION OF INFORMATION

SEC. 252. Each State educational agency shall carry out a comprehensive program to coordinate activities assisted under this title with employment and training activities and other relevant activities conducted in the State, and to provide technical assistance to local educational agencies and State agencies with respect to the use of funds received under this title. The program shall include technical assistance for management procedures, for planning, development, implementation, and evaluation of school programs, and for preparation of applications. Each State educational agency shall also adopt procedures for disseminating to local educational agencies and State agencies (1) significant and relevant information derived from educational research, (2) information about successful education projects designed to improve basic and employment skills, and (3) such other information as will assist local educational agencies and State agencies in planning, developing, implementing, and evaluating programs assisted under this title.

STATE MONITORING AND ENFORCEMENT PLANS

SEC. 253. Each State educational agency participating in programs under this title shall submit to the Secretary, in such detail as the Secretary may prescribe, a monitoring and enforcement plan that meets the requirements of section

434(a) of the General Education Provisions Act and also includes—

(1) a description of the means by which the State educational agency determines the compliance by local educational agencies with the requirements of section 213 relating to the provision of comparable services to students enrolled in nonpublic schools;

(2) a description of the key aspects of a program that the State will monitor at each site; and

(3) a description of the relationship between the respective responsibilities under this title of the State educational agency and the sole State agency for vocational education, in those States where those agencies are separate entities.

COMPLAINT RESOLUTION BY THE STATE EDUCATIONAL AGENCY

SEC. 254. Each State educational agency shall adopt written procedures for receiving complaints, and reviewing appeals from decisions of local educational agencies with respect to complaints, concerning violations of this title or applicable provisions of the General Education Provisions Act in connection with the programs assisted under this title, and for conducting those onsite investigations relating to complaints that the State educational agency deems necessary. These procedures shall include—

(1) time limits for resolving the complaint or completing the review and, if necessary, the independent onsite investigation, which shall not exceed sixty days unless exceptional circumstances are found by the State educational agency to exist;

(2) an opportunity for the complainant or the complainant's representative, or both, and the local educational agency involved to present evidence, including the opportunity to question parties to the dispute and any of their witnesses;

(3) the right to appeal the final resolution of the State educational agency to the Secretary within thirty days after receipt of the written decision; and

(4) dissemination, free of charge, of information concerning these procedures to interested parties including all district and school advisory councils.

COMPLIANCE AGREEMENTS

SEC. 255. A State educational agency may suspend any withholding action relating to application approval or payment of funds undertaken pursuant to section 434(b) of the General Education Provisions Act while there is in effect a compliance agreement with the local educational agency or State agency under this section. The agreement shall be deemed to be in effect for the period specified therein, except that if the local educational agency or State agency fails to

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comply with the terms agreed to, the agreement shall no longer be in effect. For purposes of this section, the term "compliance agreement" means an agreement which—

(1) sets forth the terms and conditions to which the local educational agency or State agency has agreed in order to comply with the requirements of this title or the General Education Provisions Act and regulations promulgated thereunder, and with the applicable rules, regulations, procedures, guidelines, criteria or other requirements adopted by the State educational agency;

(2) addresses all the matters that formed the basis for the initiation of the withholding action by the State educational agency; and

(3) may consist of a series of agreements that in the aggregate dispose of all such matters.

Within fifteen days after the execution of any compliance agreement, the State educational agency shall send a copy thereof to the district advisory council affected, and to each organization or person who filed a complaint with respect to any failure to comply that is covered by that agreement.

PAYMENTS FOR STATE ADMINISTRATION

SEC. 256. From the amounts allocated to States under this title, the Secretary is authorized to pay to each State amounts equal to the amounts expended by it for the proper and efficient performance of its duties under this title, except that the total of those payments in any fiscal year shall not exceed 1.5 percent of the amount allocated to the State and its local educational agencies and to other State agencies as determined for that year under this title.

COMPLAINT RESOLUTION BY THE SECRETARY

SEC. 257. The Secretary shall develop and disseminate procedures for receiving and resolving appeals from final resolutions of State educational agencies with respect to complaints concerning violations of this title or of applicable provisions of the General Education Provisions Act in connection with programs under this title, for receiving such complaints directly from advisory councils, parents, teachers, or other concerned organizations or individuals, and for conducting independent onsite investigations of complaints if the Secretary deems necessary. These procedures shall include—

(1) time limits for resolving the complaint or for completing the review and any necessary independent investigation, which time limits shall not exceed sixty days unless exceptional circumstances are found by the Secretary to exist;

(2) an opportunity for the complainant, the complainant's representative, the local educational agency, and the State educational agency to present evidence; and

(3) written notification to the complainant, the complainant's representative, the local educational agency, the State educational agency, the State agency, the district advisory council and other appropriate advisory councils, within ten days after the resolution of the complaint, of the nature of the resolution and the reasons therefor.

PROGRAM DEVELOPMENT

SEC. 258. (a) RESEARCH AND DEVELOPMENT.—In order to further the purposes of this title, the Secretary is authorized to make grants to State and local educational agencies, and other public and nonprofit private agencies, organizations, and institutions to carry out development and demonstration activities the purposes of which may include linking prime sponsors and schools, training teachers and administrators to work with youth served by this title, and encouraging local educational agencies to establish alternative school arrangements.

(b) SOURCE OF FUNDS.—The Secretary is authorized, out of funds appropriated to carry out this title in any fiscal year, to set aside not more than one percent, or $10 million, whichever is less, to carry out the provisions of this section.

PROGRAMS IN THE TERRITORIES AND SCHOOLS OPERATED BY THE BUREAU OF INDIAN AFFAIRS

SEC. 259. From funds appropriated to carry out this title in any fiscal year, the Secretary shall set aside one percent for the purpose of making payments to—

(1) local educational agencies in Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands for the purpose of assisting programs designed to improve the basic and employment skills of disadvantaged students; and

(2) the Secretary of the Interior for the purpose of arranging the provision of services designed to improve the basic and employment skills of disadvantaged Indian youth.

The Secretary shall make payments under this section in amounts that are consistent with the respective needs of the recipients and according to terms that the Secretary determines will best carry out the purposes of this title.

DEFINITIONS

SEC. 260. Except as otherwise provided, for purposes of this title:

(a) The term "average daily attendance" means attendance determined in accordance with State law except that notwithstanding any other provision of this title, where the local educational agency of the school district in which any child resides makes or contracts to make a tuition payment for the free public education of such child in a school situated in another school district, such child shall be considered (A) to be in attendance at a school of the local educational agency so making or contracting to make such tuition payment, and (B) not to be in attendance at a school of the local educational agency receiving such tuition payment or entitled to receive such payment under the contract.

(b) The term "average per pupil expenditure" means, in the case of a State or the United States, the aggregate current expenditures, during the third fiscal year preceding the fiscal year for which the computation is made (or if satisfactory data for that year are not available at the time of computation, then during the most recent preceding fiscal year for which satisfactory data are available), of all local educational agencies in the State, or in the United States (which for the purposes of this subsection means the fifty States, and the District of Columbia), as the case may be, plus any direct current expenditures by the State for operation of such agencies (without regard to the source of funds from which either of such expenditures are made), divided by the aggregate number of children in average daily attendance to whom such agencies provided free public education during such preceding year.

(c) The term "basic skills" means the skills of reading, mathematics, and effective communication, both written and oral.

(d) the term "county" means those divisions of a State utilized by the Secretary of Commerce in compiling and reporting data regarding counties.

(e) The term "current expenditures" means expenditures for free public education, including expenditures for administration, instruction, attendance, and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities, but not including expenditures for community services, capital outlay, and debt service.

(f) The term "employment skills" means those qualities that are not occupation-specific that enable a person to secure and retain a job, such as the ability to complete a job application, to appreciate the importance of punctuality and job responsibility, and to respond constructively to supervision.

(g) The term "local educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term includes any other public institution or agency having administrative control and direction of a public elementary or secondary school.

(h) The term "parent" includes a legal guardian or other person standing in loco parentis.

(i) The term "prime sponsor" means any agency, organization, unit of government of other entity designated in accordance with section 101 of the Comprehensive Employment and Training Act of 1973.

(j) The term "secondary school" means a school or that part of a school that provides instruction in any of the grades seven through twelve.

(k) The term "Secretary" means the Secretary of Education.

(l) The term "sole State agency for vocational education" means the agency designated in accordance with section 104 of the Vocational Education Act, as amended.

(m) The term "State" means any of the fifty States, the District of Columbia, and the Commonwealth of Puerto Rico.

(n) The term "State educational agency" means the officer or agency primarily responsible for the State supervision of public elementary and secondary schools.

AUTHORIZATION OF APPROPRIATIONS

SEC. 261. There are authorized to be appropriated for carrying out the provisions of this title such sums as may be necessary for fiscal year 1981 and each of the three succeeding fiscal years. The appropriation for any fiscal year may be included in an Act making appropriations for the preceding fiscal year and may be made available for obligation and expenditure commencing on July 1 of that preceding fiscal year.

Mr. Hawkins. We have changed the order of witnesses because some individuals will be here late because of other hearings. We do have Dr. Ralph Smith present here and we will call on him and then try to revert to the listed agenda in the order as listed.

Dr. Smith, we are very pleased to have you as Acting Director of the National Commission for Employment Policy. We have listened to your previous testimony before another subcommittee of the Education and Labor Committee and we are delighted to welcome you back at this time. You may proceed. Your printed statement as presented to the committee, will be entered in the record in its entirety.

[Prepared statement of Ralph E. Smith follows:]

Prepared Statement of Ralph E. Smith, Acting Director, National Commission for Employment Policy

Mr. Chairman, members of the subcommittee, I appreciate the opportunity to meet with you this morning to discuss the work of the National Commission for Employment Policy and its relationship to the legislation you have before you today. The Commission's Fifth Annual Report, Expanding Employment Opportunities for Disadvantaged Youth, submitted to Congress in December 1979, outlines not only the dimensions and causes of youth unemployment, but also reviews past efforts to deal with this problem and makes recommendations for future policies. These recommendations will be the focus of my testimony.

At the outset, let me emphasize that the Commission believes that for a large number of youth, unemployment is a serious problem and will continue to be a serious problem for the nation in the 1980s. While the majority of youth eventually make the transition from school to work, we must be sobered by the fact that youth who are from low-income families, are members of a group that has been subject to widespread discrimination or who live in areas with high concentrations of low-income families all too often fail to achieve stable adult work roles. These youth are disproportionately black, Hispanic and female.

The Commission believes that the employability and employment problems of disadvantaged youth are of critical importance to the future well-being of the nation and that the federal government and the nation should devote the resources and efforts necessary to its amelioration. The Commission was also very aware of the overall economic situation when it made its recommendations. Thus, while the Commission recommended additional efforts, particularly a new compensatory education program for the secondary schools, it also proposed that programs be sufficiently targeted and improved to maximize the benefits to be gained from the money spent. It was with these considerations in mind that the recommendations were developed.

There are two fundamental goals that present and proposed federal youth policies are addressing; working toward the achievement of one may be at the expense of the other, especially in a period of tight budget. One is addressed to the high unemployment rates of youth in general, and the rates of minority youth and youth from low-income backgrounds in particular. The goal here is to provide immediate employment. In the past, employment and training programs administered by the Department of Labor have tended to emphasize this goal. The provision of more jobs for youth can provide income, work experience, and social participation for jobless youth and can provide returns to the rest of society as well, but evidence shows that such programs are unlikely to result in long-term gains for youth unless demands are made on the participants and unless there is close supervision, remedial education, training, counseling and other supportive services offered in connection with the experience.

The other goal is to provide activities that will improve the long-term employability of youth, especially youth from disadvantaged backgrounds. These may involve education, training, employment or other learning activities to prepare participants for subsequent productive and rewarding labor market participation. Here the activities are more difficult to evaluate since the payoff comes in higher earnings, productivity and employment stability in the future. In the case of remedial education programs, achievement test scores may provide an early indication of whether they are effective.

The appropriate balance between these two goals depends on the age and situation of the individual youth being served, but the goals do not have to be mutually exclusive. Job creation programs for older youth can be structured so as to contain remedial employability development. Education and training programs for youth still in school can be aimed at preventing later labor market problems and can combine education with jobseeking and exploration activities.

During the last few years, Mr. Chairman, stimulated by your efforts and those of Mr. Jeffords and other members of your committee, much time and effort have been spent trying to better understand and improve youth employment problems and programs.

I believe that the most important lesson we have learned from these efforts is that, to be able to compete successfully in the unsubsidized labor market, youth must first and foremost be employable; that is they must have basic reading, writing and computational skills, the ability to absorb new skills on the job, good work habits, and a knowledge of how to get and keep a job.

Of these, the key is a mastery of basic reading, writing, and computational skills. These skills are a prerequisite for other kinds of training, including on-the-job training, and they are the skills most demanded by employers. The Commission strongly believes that any serious strategy for improving the labor market prospects of disadvantaged youth must put major emphasis on closing the basic skills gap. If this gap is not closed, the employment prospects of disadvantaged youth will worsen as unskilled jobs in industry and agriculture continue to decline in the 1980.

As a result the Commission urged the President and the Congress to support new funding for compensatory education in the secondary schools. The Commission believes there is good evidence that Title I in the elementary schools is having positive results with educationally and economically disadvantaged children and feels this program should not be jeopardized by a reduction in funding at this level. What is needed is a comparable program at the junior and senior high levels to sustain the positive effects achieved at the elmentary level and to provide a second chance for those not adequately served at the elementary level.

The Commission also believes the major objective of federal employment and training programs for youth should be to improve their long-term employability. The Job Corps, which is the most intensive of the training programs for youth, does appear to result in significant earnings gains, more employment, and less crime among those participants who stay in the program for a sufficient period of time. Thus the Commission recommends that remedial services should be intensive enough to produce long-term results, even if this increases costs per individual and results in a smaller number being served.

Evidence is increasing that an essential component for both education and employment and training experiences is performance standards. Too often, both in our schools and jobs programs, performance standards have not been established or maintained. The result is that graduation from high school or completion of a CETA program has had less value in helping young people obtain jobs than would be the case if employers had confidence in these credentials and were willing to commit jobs based on them, and this lack of standards is one reason why disadvantaged youth themselves have had little incentive to succeed.

The Commission recommends that schools and prime sponsors establish local performance standards and that achievement of these standards be rewarded with entrance into a more generously stipended program or with a job opportunity. To complete the link between programs and jobs, the Commission also recommends that the Private Industry Councils be encouraged to obtain specifications from employers about the criteria they use in hiring young people, and, to the greatest extent possible, secure commitments from employers that young people who meet their requirements will have a job opening when they leave school or a training program.

The Youth Employment and Demonstration Projects Act contained several new experiments to encourage the private sector to participate more actively in training and employing young people, including up to 100 percent subsidy of their wages. The Commission has said in the past and continues to believe that the prohibition against private sector work experiences under regular CETA programs deprives youth of opportunities to learn more readily transferable skills, to be exposed to a wider variety of work settings, and to acquire valuable contacts and references to break down the resistance of many employers to hiring youth from disadvantaged minority communities. Thus the Commission recommends that short-term, subsidized work experience be permitted in the private sector, provided there are assurances that employers do not misuse the program and that youth are provided with a carefully structured and supervised learning experience or training opportunity.

The role of the schools and the private sector in federal employment and training programs has been subject to much debate. The Commission believes the schools have been, and should continue to be, the primary institution for providing basic skills, and that this resource cannot be overlooked in our efforts to prepare youth for employment. However, it is clear that the schools, employment and training programs, employers, and community-based organizations need to forge a partnership so that disadvantaged youth will have more learning opportunities outside of the regular classroom and greater motivation to acquire the basic skills.

Two important components of YEDPA which sought to foster this link were the Youth Incentive Entitlement Pilot Projects and the 22 percent set-aside under the Youth Employment and Training Program. Evaluation of both of these programs were still ongoing when the Commission made its recommendations. However, the Commission does believe that the link between education, CETA and work and the setting of performance standards for youth both in school and on the job must be included in youth programs. It is my understanding that the Administration's bill tries to build upon the experience with both of these components in its Education Cooperation Incentive Grants proposal.

One group the Commission was particularly concerned about was teenage mothers. Women who have children in their early to midteen years are less likely to complete their education and are more likely to have larger families. In turn, these factors work to reduce their participation in the labor force and to increase their likelihood of welfare dependency. One study estimated that of the women receiving AFDC payments in 1975, 61 percent had had children while they were in their teens. About 50 percent of the total monies expended on AFDC in that year (about $4.4 billion) went to households in which the mother had borne a child before she was twenty.[1] Moreover, even when teenage mothers are later employed, their lack of education still ensures that their occupational status and earnings will be low.[2]

To compound this problem women in general face substantial discrimination in the labor market. Their main problem is occupational segregation. Women start out with somewhat higher unemployment rates and lower wage rates than men of the same age, but in very different occupations and this is an important factor in the widening of the earnings gap that comes at a later age. Thus the Commission recommends that education, training and employment programs should give special attention to the education and employment needs of young mothers, and to reducing sex stereotyping and segregation.

The Commission made a number of programmatic recommendations. Many of these suggestions, like those relating to education and the private sector, were emphasized at the field hearings held in Detroit, Memphis, Los Angeles and Philadelphia by the Commission's Youth Task headed by Dr. John Porter.

The first of these recommendations is that youth employment and training programs, with the exception of Job Corps, should be consolidated into one comprehensive program to simplify operation at the local level.

Second, youth employment and training programs, like education programs, should be forward funded. Third, legislation should be authorized for a long enough period of time, 5 years, to give some consistency and stability to the system; and fourth, to further strengthen programs and services there should be increased emphasis on staff development.

In conclusion, Mr. Chairman, let me say a few words on targeting of youth programs. As I said at the beginning of my statement, the employment problem is most critical among youth from low-income families, minority youth, and those living in areas with high concentrations of low-income families. Further, now, even more than usual, we face hard choices as to allocations of resources. It is the Commission's view that given these considerations, employment and training services should be targeted on youth 16 through 21 from families with incomes at or below 70 percent of the lower-living standard, and that while the majority of funds should be distributed by formula, a sizeable portion should be set aside for supplemental grants to areas with high concentrations of low-income families. The Commission was sympathetic to those program operators who told us of the difficulty caused by an absolute income cut-off, especially in youth programs; thus the Commission also recommended that prime sponsors be permitted to use up to 20 percent of their funds on youth who face substantial barriers to employment, but do not met the income requirement.

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[1] Kristen Moore, "The Economic Consequences of Teenage Childbearing," Testimony before U.S. House of Representatives Select Committee on Population. February 28. 1978.

[2] Sandra Hofferth et al., *The Consequences of Age at First Childbirth: Labor Force Participation and Earnings* (Washington, D.C.: The Urban Institute, August 1978).

Wtih your permission, Mr. Chairman, I would like to include as part of my statement a summary of all the recommendations made by the National Commission for Employment Policy as a result of its extensive investigation of youth employment.

EXPANDING EMPLOYMENT OPPORTUNITIES FOR DISADVANTAGED YOUTH

(Recommendations of the National Commission for Employment Policy to be included in the Commission's Fifth Annual Report to the President and the Congress)

I. EXECUTIVE SUMMARY

Goals

Given high and rising rates of unemployment, especially among minority youth, and the cumulative deficits which are often produced by growing up in a low-income or minority family and community, the Commission recommends that the nation make a new commitment to improving the employment prospects of disadvantaged youth. More specifically:

The President and the Congress should identify the employability and employment problems of disadvantaged youth as a domestic issue of critical importance to the future wel-being and security of the nation and pledge that the federal government and the nation will devote the resources and efforts necessary to its amelioration.

While the federal government should take the lead role, state and local governments, business, labor, education, and community based organizations must undertake substantial responsibility for improving the employment prospects of disadvantaged youth. The local leaders of all of these organizations should make a new commitment to work together on ameliorating the problem, and local employers should be fully involved in helping to plan and implement these efforts.

Federal resources should be targeted on youth most in need. While there is no simple way to identify this group, those youth most at risk come from low-income families, are members of a minority group, or live in areas with high concentrations of low-income families.

The major objective of federal education, training, and employment programs for youth should be to improve the long-term employability of these youth; that is, their basic education, work habits, ability to absorb new skills on the job, and other competencies which will permit successful integration into the regular work force.

Elements of a youth policy

The Commission believes that any new set of policies should be based on the following set of principles:

Youth unemployment should be viewed principally as a structural problem and long-term solutions sought. Nevertheless, there is no question that sustained high levels of employment are an important precondition for substantially improving the labor market prospects of disadvantaged youth.

Remedying the educational deficiencies of disadvantaged youth must be high on the nation's agenda. Without basic literacy skills, youth are unable to take advantage of further education or training and will be permanently consigned to the bottom of the economic and social ladder.

Our nation should renew its commitment to eliminate racial discrimination and cultural stereotyping in the labor market. In particular, all of our institutions must be involved in creating a new environment of trust and confidence between those who come from different backgrounds so that access to good jobs and treatment on the job are based on performance alone.

Youth themselves must be more fully involved in improving their own employability and must make greater efforts to meet the performance standards set by our educational and employing institutions. To encourage disadvantaged youth to do so, these performance standards must be clearly articulated and greater rewards for success in meeting them provided at each stage of the employability development process.

Employment and training programs should be carefully targeted to provide second chance opportunities to those youth, who for reasons of family background, poor schooling, or race, are likely to be permanently handicapped in the labor market. These programs should be restructured, where necessary, so as to have a cumulative impact on the long-term employability of participants.

There must be a new emphasis on moving those disadvantaged youth who are ready into unsubsidized private and public sector jobs. While sheltered experiences may be appropriate at various stages in their development, the ultimate goal should be to create opportunities for them in the regular labor market. The federal government should consider using a variety of expenditure, tax, and regulatory powers to achieve this objective.

Specific recommendations

The specific recommendations which the Commission believes would implement these principles follow:

To provide adequate job opportunities

(1) In the event that the unemployment rate rises substantially, that is to 7 percent or higher, and more particularly it it stays at such a high level for a sustained period. Congress should expand funding for priority national goals such as energy conservation. In so doing it should stipulate that private firms which obtain contracts to further these goals must hire a percentage of disadvantaged youth and adults who are designated by the Job Service or by CETA prime sponsors as being ready to work.

To improve basic educational competencies

(2) The President and the Congress should support new funding for compensatory education in the secondary schools. These funds should be used to improve the basic skills of young people from disadvantaged backgrounds, through well-funded, intensive programs involving special tutorial efforts, extra afterschool sessions, alternative schooling opportunities, compensatory education linked to occupational training, and in-service training for teachers.

The effectiveness of Title I of the Elementary and Secondary Education Act in the elementary schools must not be jeopardized by a reduction in funding at this level. What is needed is a comparable program at the junior and senior high levels (a) to sustain the positive effects achieved at the elementary level and (b) to provide a second chance for those not adequately served at the elementary level.

(3) To encourage a partnership with other local institutions, a portion of the new compensatory education funds recommended in (2) should be set-aside for allocation on the basis of close consultation between the schools and CETA. This would be comparable to the 22 percent set-aside under the Youth Employment and Training Program which should continue to be allocated on the basis of such consultation. The new set-aside would encourage additional joint efforts on behalf of CETA-eligible youth and might lead to the development of more alternative schooling opportunities.

(4) The Secretary of Education should be provided with special funding to collect, integrate and disseminate information about exemplary programs, such as the adopt-a-school programs in Oakland, Baltimore, and Dallas. While schools must retain flexibility to deal with local conditions, what has been learned about effective ways of motivating and assisting disadvantaged youth to acquire the basic skills should be mobilized to promote wider sharing and adoption of the successful models.

To broaden opportunities for minority and female youth

(5) The EEOC should encourage companies with overall low minority and/or female utilization to improve their utilization by hiring job-ready youth from innercity schools or those trained through CETA programs.

(6) Education, vocational education, and CETA programs should be implemented in ways that will broaden the occupational opportunities of young women from disadvantaged backgrounds.

(7) Teenage mothers should be treated as a high priority group in both WIN and CETA and their child care and income needs should be fully met, with no diminution of support under AFDC when they participate in an education or training program.

To link performance to rewards

(8) Schools and prime sponsors should be encouraged or required to establish local performance standards and disadvantaged youth who achieve the standards should be rewarded with entrance into a more generously stipended program or with a job opportunity. Those who fail to meet the standards should be given second chance opportunities, whenever possible.

(9) Prime sponsors should encourage the Private Industry Councils to obtain specifications from employers about the criteria they use in hiring young people, and, to the greatest extent possible, secure commitments from them that young people who meet their requirements will have a job opening when they leave school or a training program.

To improve employment and training programs

(10) The Administration should request, and Congress should enact, a consolidated youth title under the Comprehensive Employment and Training Act, the principal goal of which should be to improve the employability of economically disadvantaged youth ages 16 through 21.

(11) The Department of Labor should encourage CETA prime sponsors to invest substantial funds in remedial programs for the most disadvantaged, even if this increases costs per individual and results in a smaller number being served.

(12) The Job Corps should be maintained as a separate program, and once current enrollment limits are reached, the program should be further expanded.

(13) The Congress should designate the eligible population under the new consolidated youth title as all youth from families in which income was at or below 70 percent of the Bureau of Labor Statistics lower living standard.

(14) Prime sponsors should be permitted to utilize up to 20 percent of their funds under the youth title to assist youth who do not meet the income requirement but nevertheless face substantial barriers to employment.

(15) The majority of the funds for the consolidated youth title should be distributed by formula to local prime sponsors. However, a sizeable portion should be set aside for supplemental grants to areas with high concentrations of low-income families and another portion should be reserved to the Secretary of Labor to reward superior performance or to fund innovative programs, particularly those of an interdepartmental nature.

(16) Congress should provide for forward funding, a five-year authorization and additional emphasis on staff development under the new youth title.

To move disadvantaged youth into regular jobs

(17) Short-term, subsidized work experiences in the private sector should be permitted under CETA with safeguards to insure that employers do not misuse the program and that the youth are provided with a carefully structured and supervised learning experience or training opportunity.

(18) The President, with advice from the Office of Personnel Management, should consider making youth, who have successfully completed a CETA program involving experience in a federal agency, eligible for conversion to entry level positions in the career service on a noncompetitive basis.

(19) The President should direct the Secretary of Defense to review the experience of Project 100,000 during the late 1960s which was successful in recruiting and providing special training for 246,000 young men who did not meet the regular qualifications.

(20) When the various pieces of legislation that authorize grants-in-aid are being considered for adoption or renewal, the Administration and the Congress should consider writing in provisions that would encourage or require that the grant recipients employ a specified percentage of disadvantaged youth who are referred to them as job ready by either the Job Service or the CETA prime sponsor.

(21) The President should direct the Office of Management and Budget, with the assistance of other appropriate agencies, to determine whether and how the procurement process might be modified so that there would be new incentives for employers to hire structurally unemployed adults and disadvantaged youth.

Finally, to insure long-term cumulative progress in improving the employment prospects of disadvantaged youth, the Commission recommends that:

(22) Congress should review annually the extent to which the gross discrepancies in the employment to population ratios and the unemployment rates

for minority youth relative to white youth and adults are narrowed as a result of implementing the foregoing recommendations. In the absence of substantial and continuing progress in narrowing the gaps, the Administration and the Congress should seek to fashion revised and new programs which hold greater potential to ameliorate the present intolerable situation where our society has no regular job opportunities for many young people who come of working age.

STATEMENT OF RALPH E. SMITH, ACTING DIRECTOR, NATIONAL COMMISSION FOR EMPLOYMENT POLICY

Dr. Smith. Thank you Mr. Chairman. It is a pleasure to appear before you again, The National Commission for Employment Policy's Fifth Annual Report, which was submitted to the Congress in December, focused on the problems faced by disadvantaged youth in the labor market and made a series of 22 recommendations for future Federal policies.

What I would like to do this morning is to summarize the key Commission recommendations that I believe to be relevant to the legisation before you today and then, in my formal statement, I have provided the complete set of the 22 recommendations.

First: Let me discuss three of our major findings and principles that motivated these recommendations. The first is that unemployment for youth is a serious problem and will remain a serious problem into the foreseeable future.

Second: That youth facing these problems are disproportionately from low-income backgrounds, the majority are minorities and young women.

Third: The Commission believes that while it is important to focus and address the immediate employment problems that are facing disadvantaged youth, that it is still more important to work to develop these people's long-term employability; otherwise the youth labor market problems that we see today will become adult labor market problems.

Mr. Chairman, stimulated by your own efforts. those of Mr. Jeffords and other members of this committee, much time and effort has been spent trying to better understand youth labor market problems and to enact programs to resolve them. The best lesson, I believe, that has been learned from these efforts is that to be able to compete successfully in the real unsubsidized labor market youth must first and foremost be employable. And this means that they must have the three "R's." They must be able to absorb new skills on the job and they must have a good knowledge of how to get and keep a job.

Therefore, the Commission's recommendations emphasize the importance of closing the basic skills gap. Specifically, the elements of a youth policy for the Eighties that the Commission believes should be included in any new set of program initiatives should include at least the following:

First: That there should be new money for compensatory education in secondary schools. The Commission and its staff carefully examined the experience with title I moneys going into the elementary schools, title I of the Elementary and Secondary Education Act, and we concluded that the program is working, money is getting into school systems that have a large share of low-income youth and disadvantaged youth and these people, as a result of this program, are having their reading levels increased.

We think it is time now to put money into the junior high and senior highs for that purpose as well. We believe it important to have in any program good performance standards, performance standards for the participants, both to motivate the students and the employment and training program participants and to provide credible credentials that the employers can believe.

We believe it important to provide mechanisms that will promote a partnership between the schools and the employment and training programs as well as the rest of the community that the youth will be dealing with. I will return to this point in a moment.

We believe it important to provide mechanisms to serve the special needs of young mothers, teenage mothers, that face a series of problems which if not resolved while young will lead to long-term dependency on welfare. We believe it also important to use the education and training programs and employment programs as a means of helping to integrate the work force to break down the efforts of occupational segregation between the sexes.

We believe it important in order to have employment and training programs work well to consolidate the youth programs and CETA. The Commission recommended consolidating all of the youth programs, with the exception of the job core. Also, so that the programs can work well in terms of developing the long-term developability of their participants, we believe it important to provide forward funding, 5-year authorization, and additional emphasis on staff development. Each, we believe, would help to provide an atmosphere and an environment in which the programs are more likely to succeed.

Finally, we believe that, particularly in this time of a tight budget, that it is critical to target the programs on the youth most in need and for that purpose the Commission recommended that in the employment and training programs that they be targeted on individuals who are in families at 70 percent or less than the BLS lower-living standard.

We recognize that it is important to provide some flexibility in the programs to program operators. Therefore, we recommend that some portion of the moneys be allowed to go to participants above that income standard.

In your letter of invitation you asked that I discuss entitlements and the 22-percent set-aside. The other members of the panel have specifically addressed that in their own work but let me say a few words about each.

First: Regarding entitlement. The Commission made no specific recommendations regarding the entitlement programs because we viewed that the experiments were still underway under YEDPA and that they were being competently evaluated and we wanted to see just where that would lead.

However, we did look at what was learned up to that point in the late fall when the staff wrote its report and we concluded, based on the interim findings, that the design of an entitlement program is certainly a very complicated undertaking. It can be set up and it was being set up well.

Second: We found that although there were startup programs that it was possible to develop a sufficient number of jobs and it was possible to develop and implement performance standards.

Finally: We found that our observation at that point was that it was much more difficult to attract dropouts back into the school system through the entitlements mechanism than to retain students who were already in the schools and attract them into the entitlement demonstration.

On the 22-percent set-aside, we held field hearings involving youth employment policies in four cities around the country and in those field hearings the witnesses indicated that the 22-percent set-aside, while it had its problems, it was increasing productivity contacts between the education and the employment and training communities.

The Commission believes that it is critical to have some kind of a mechanism to foster cooperation between these two sets of institutions.

In sum, the principle behind both entitlement and the set-aside is that employability, development of disadvantaged youth requires these two sets of institutions, the education community and the employment and training community, to work together.

We think it is important that any new programs incorporate that principle. If not, it will be the youth themselves who will suffer the consequences. Thank you.

Mr. HAWKINS. Thank you, Dr. Smith. Picking up on the last statement you made, do you believe that the set-aside and the entitlement programs together constitute enough incentive at least to be further continued rather than being displaced at this time or being altered?

Dr. SMITH. I think that each is helping. There is, I think, an inherent hostility in some places between the education community and the employment and training community. I do not know if these mechanisms by themselves are enough to completely overcome that hostility. I think we are still in a learning phase.

Mr. HAWKINS. Do you have any suggestion of how the idea can be strengthened? It just seems to me that much of the discussion around these bills and the President's proposal, hinges on effecting that sort of alinement or cooperation.

Are you suggesting that we have not yet completed evaluation of the existing programs and for that reason do not have the knowledge on which to base a change? Or are you indicating that there may be some doubt as to whether or or not these existing mechanisms will prove to be effective?

Dr. SMITH. I think that we are still learning. Greg Wurzburg will have more information on that than I can provide you with on specific recommendations that might help to foster that greater cooperation in addition to the entitlement or to the 22-percent set-aside.

I would add that any new moneys that are going into the education community, and our Commission has recommended more for elemenary and secondary remedial education, I think that it would be useful to provide a mechanism that requires the school systems to involve the employment and training community, as in the decisions involving the allocation of their moneys, in much the same way, sort of a parallel. to the way that the employment and training community has had to work with the school system through the 22-percent set-aside.

Mr. HAWKINS. If I may stop you at that point. Do any of the proposals at the present time reach that particular situation?

Dr. SMITH. Not in that specific form. The administration bill certainly has language in it to foster that greater cooperation. I do not think that they take that next step of saying, "You must involve the employment and training community in the design of your education program."

I think another step that is very important, and I believe is in the administration bill, is to more actively involve the PICS in this process. In these communities in which the PICS are well operating, they have the business leaders, they have the future employers of these kids. I think that there have been problems, especially in vocational education programs, in which the kids are being trained in the high schools for a skill which when they get out there are no jobs for them. This is very frustrating and it is a waste of the taxpayers' money.

Mr. HAWKINS. One final question. You indicated that one of your recommendations was to apply the compensatory education concept at the secondary level. In so doing, have you developed any data with which we can distinguish whether or not we would, by doing that, be again providing compensatory education funds to those that have been so provided with them in the lower grades, or are we reaching a different group of individuals?

In other words, are we again trying to instill basic skills in the same individuals when the lower grades were supposed to have been doing this or are we talking about a different group of individuals who were missed at the lower grade level or what?

It just seems to me that there is some sense of frustration involved in a process of doing this at the lower grades only to see that, if it was done, somehow it was lost or that we did not reach these young people when we should have reached them.

Have you considered the groups which have been involved in these studies?

Dr. SMITH. Yes, we have. The title I moneys are now disproportionately going into areas that have the most educationally and economically disadvantaged youth. It is not hitting all of them. The studies vary on just how much they are hitting. Probably half would be as good an estimate as we can get.

We have seen that the reading scores up to the sixth grade level, and this is where most of the moneys are going, of these youths have been increasing but we have seen that reading scores for disadvantaged youths in the senior high have not been increased and by some measures have actually been going down.

So we view that beginning to put money now into the junior and senior high would act both to reinforce the remedial education of those students who were getting it in the elementary school, and that we believe is very important, and also for those who were missed, this would provide a second chance.

Mr. HAWKINS. Well, let me ask you this then: It seems to me that we still are not specifically talking about controlled groups. If every child who needs the funds, that is, compensatory education in the lower grades, were to be given the advantage of the program at that level so that we had a thorough application—in my district of the Los Angeles school district, we reach about one-third, so two-thirds are missed—but if all were given it, do you still believe that it would be necessary to do it again at the secondary level?

Or let's say it in the alternative, where would it be more desirable to do it, at the lower level, even though we may miss a few and still there may be some who reach the secondary level without it, or would it be more desirable again to address the problem of basic skills at that lower grade rather than waiting until the secondary level?

Dr. **Smith.** My own view, based on our analysis, is that we must start beginning to get money into the secondary level because if remedial education ends at, say, sixth grade, that it appears that without that followthrough the kids begin to again recede from reading as they go through junior high and senior high. So that reinforcement is necessary.

If there could only be so much money, and it was a small amount of money, available to be put into remedial education at this point, new money, I would argue that it is time to start putting it into the junior high and senior high as long as it did not mean to cut back in the number of students served at the elementary level. I would like to do both, but these are tight budget times.

Mr. **Hawkins.** Thank you. Mr. Jeffords?

Mr. **Jeffords.** I am a little bit concerned about a thought that a program that has been in effect some 16 years has been relatively successful and yet we are talking about obviously large cases where most of the students that were supposedly served by that program were not. So I have the same concerns as the chairman in that regard, that merely expanding the program without really shifting some of the emphasis or introducing some new ideas may not just be the answer. I think you would agree with that statement.

Dr. **Smith.** Yes, sir.

Mr. **Jeffords.** I am also intrigued by your thoughts about the need for a partnership here. I think the subcommittee agrees that we have to do something, hopefully, if we do have some money, to entice people into a tighter partnership. Do you agree with that statement?

Dr. **Smith.** Certainly.

Mr. **Jeffords.** I will just point out that I think there is also a consensus on this committee that we might have to go further than the administration's bill in trying to entice a partnership, in fact require submission of a joint plan in order to be entitled to additional funding. Would you disagree with that kind of a concept?

Dr. **Smith.** I agree totally with the concept. I tried to emphasize in my statement that mechanisms to get good working relationships are critical. Now, whether the submission of a joint plan can be feasible, or whether it becomes just a paper exercise, I have concerns about that and I think you should, and I am sure you will be, soliciting to the views of people such as Marian Pines who are involved in this at the local level and see just what it does mean when you have a joint plan. Is it a paper exercise or do you really have the two parties working together?

Mr. **Jeffords.** I certainly do not disagree with what you have said in that area. But I also would feel that at least with a paper exercise you have had to sit down at a table and agree on the paper. That certainly is a big first step, and then, of course, the follow up.

Marian Pines is a good example. I have been over there and walked through their programs and they have more than a paper partnership.

Thank you, Mr. Chairman. That is all I have.

Mr. **Hawkins.** Mr. Miller?

Mr. **Jeffords.** Excuse me. Can I ask one other thing?

Mr. **Hawkins.** Mr. Jeffords.

Mr. JEFFORDS. Let me go one point further. What do you specifically recommend then to bring that partnership about?

Dr. SMITH. I think that it would be the recomendations that we have made to provide a sense that the education community, as part of planning their remedial education and vocational education activities, must consult with the PICS and the employment and training community. That would certainly be a good start, I think.

Mr. JEFFORDS. Is that not a step backward from at least the minimum of a paper exercise?

Dr. SMITH. I do not think so.

Mr. JEFFORDS. Obviously your first step, before you had what you referred to as a paper exercise, would be to sit down and consult. Now, what is wrong with going beyond that and saying, "OK, this is what we agreed upon. Let's sign off on it."? Why is that a bad second step?

Dr. SMITH. I am not saying that that is a bad step.

Mr. JEFFORDS. OK. I just wanted that to be clear.

Dr. SMITH. I am just saying that that step by itself, I have to be rather cynical of how that will operate. I am a cynical person. I would also be cynical in the consultation phase. I realize it is quite possible to go through a charade in which they consult and they say, "Yes, we have consulted," they sign a paper and say, "See you next year around this time." I do not have a good solution there of what it is to knock their heads together so they they will work.

Mr. JEFFORDS. One way which I think, in my own mind, would be successful is if the money is conditioned upon following through on that and demonstrating that you not only had done it on paper but you had done it in effect. That is the kind of incentive which has a tendency to pull people together that might not otherwise work together. Do you agree with that?

Dr. SMITH. Yes.

Mr. JEFFORDS. Thank you.

Mr. HAWKINS. Mr. Miller?

Mr. MILLER. Thank you, Mr. Chairman. Thank you for letting me sit on this committee this morning.

Let me ask you something, Dr. Smith. The reason I am here this morning is to try and learn about the 22-percent set-aside. Is it in fact being used around the country currently?

Dr. SMITH. Yes.

Mr. MILLER. But we do not have the monitored results of that program, because it is ongoing at the current time, is that right?

Dr. SMITH. We do have some results, and I believe that Gregory Wurzburg will be addressing that. His group has looked around the country.

Mr. MILLER. It is my understanding also that the 22-percent set-aside requires that the money cannot be spent unless you have the involvement of the local education agency, is that right?

Dr. SMITH. That is correct.

Mr. MILLER. So where that money is currently being spent today, it in theory is currently being used by the codetermination of an LEA and a prime sponsor, right?

Dr. SMITH. Yes.

Mr. MILLER. And in theory is being used to aid the employability and training of young people?

Dr. SMITH. Correct.

Mr. **Miller**. Is there any evidence to suggest that we would not want to continue doing that or that it should be changed? Is there some adverse evidence lurking there that we are not aware of here in this committee?

Mr. **Hawkins**. Mr. Gregory Wurzburg, who is one of the witnesses today and will give his prepared statement next, is qualified to respond to this question and I see no reason why he cannot answer now. So if you so desire, you may enter this dialog at this time, Mr. Wurzburg.

Mr. **Wurzburg**. I would see no reason for discontinuing it. I think that if there were any reasons they might be in the nature of someone having a better alternative, but this is what I will be getting into in my testimony, evaluating some of those alternatives.

Mr. **Hawkins**. Let me clarify it. Is it not correct that the administration's proposal would eliminate the idea?

Dr. **Smith**. That is correct.

Mr. **Hawkins**. You were talking about some rumor lurking about Well, it is more than a rumor, it is actually contained in the administration's proposal and that is one of the reasons why we were wondering about the process of omitting it in any proposal, because then it would not be continued as it is in the current law.

Mr. **Miller**. Let me just make one statement and then you can go ahead and testify. I am not a member of this subcommittee and my knowledge in this area is very limited.

My concern is this: as I look at the administration's proposal, as I read it, I see that a great deal of money is proposed to be spent to maybe do what we are already doing, but what we are buying is the promise of cooperation. As I had the 22-percent set-aside explained to me, that has already happened, the prime sponsor, and at least LEA's in those areas, are conditioned already to working together.

One of the things that concerns me that we continually do in Washington is that we keep giving people new starts. Just as you start to get down the road we say, "No, you have to do it this way," even though it may be the same thing, and you have to redesign the wheel over and over and over again.

My question, I guess, is whether or not our experience may be good enough with the 22-percent set-aside that we can build on it rather than redesignating it over in the education department? That is really my concern here, that is, which one is going to help the kids more.

Mr. **Wurzburg**. Should I just start, Mr. Chairman?

Mr. **Hawkins**. If you want to present your prepared statement go right ahead. I think we are doing it backward.

Mr. **Wurzburg**. I will just briefly summarize that and then hit some of the points which I think we are starting to get at today regarding the 22-percent set-aside.

Mr. **Hawkins**. If you want to establish a few points, please go right ahead.

[Prepared statement of Gregory Wurzburg follows:]

PREPARED STATEMENT OF GREGORY WURZBURG, EXECUTIVE DIRECTOR, NATIONAL COUNCIL ON EMPLOYMENT POLICY

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to appear before you today to comment on the proposed measures you are considering for attacking the problems of youth unemployment. I would like to confine my remarks to an analysis of the provisions for linking the CETA and educational systems.

In late 1977, I began directing, for the National Council on Employment Policy, an 18-month evaluation of the implementation of YEDPA in 37 prime sponsorships around the country. Part-way through that study, it began to become apparent that CETA-LEA linkages were assuming a great deal of importance. We undertook an extra study to look more carefully at what was happening under the provision of the Youth Employment and Training Program which reserves a minimum of 22 percent of each CETA prime sponsorship's allocation to be administered under the terms of a joint agreement between sponsors and local education agencies. Our work is complete. My comments are based, in part, on findings from our study. In my comments, I would like to briefly review our findings regarding the 22 percent set-aside and then evaluate the various legislative proposals in terms of how well they sustain or enlarge upon progress to date.

The 22 percent set-aside has been most important not for the substance of the programs that have been operated under it, but for contributing to the process of collaboration between prime sponsors and schools. We found that we could categorize prime sponsors according to the extent of contact they had with LEAs before YEDPA. For the areas that had contact under CETA Title I, for example, and even under MDTA, the 22 percent set-aside changed very little. Prime sponsors and LEAs were accustomed to working together and, in fact, already had programs in place, many of which were serving in-school youth. The 22 percent set-aside produced the most noticeable changes in the areas where prime sponsors and LEAs had little contact prior to YEDPA. In those areas, the 22 percent set-aside served as a mechanism to overcome both the administrative and substantive differences between prime sponsors and LEAs.

There are several administrative barriers that are a source of chronic friction between prime sponsors and schools. Their fiscal and program years start at different times and differences in the timing of the planning cycle and the pace of planning make collaboration difficult. The fiscal year for school typically begins either in July or January and planning for the academic year takes place in the spring. The prime sponsor fiscal year starts October 1st; but, because of delays in appropriations and final allocations, firm planning decisions frequently cannot be made until less than a month before the start of the fiscal year and sometimes not until after the start of the fiscal year. Under these conditions, schools cannot engage in strategic planning with prime sponsors unless they take a leap of faith. Start-up of YEDPA in the middle of the spring semester in the 1977–78 schools year caused scheduling problems. In the 1978–79 school year, late congressional action on CETA reauthorization and appropriations caused problems. Events in both years were one-time problems, but CETA has been plagued by frequent changes in the law, regulations, uncertainty over funding levels, and inconsistent guidance from the Department of Labor.

The accountability networks of the two systems are also different. LEAs are state and local creatures; they typically report to school boards, maybe other local elected officials, and to the state. Prime sponsors report to local elected officials—usually different from the ones to which LEAs report—but are essentially federal creatures. They receive virtually all their support from the federal government and their first allegiance is, of necessity, to the Department of Labor.

The difference in the ages of the two establishments also contributes to friction between them. The education establishment is old relative to the CETA prime sponsor structure. There are career patterns in place, fixed administrative hierarchies, professional interest groups, and credentialing standards. There is an institutional identity, tradition, and continuity. The CETA prime sponsor system is a marked contrast. Manpower did not emerge until the early 1960s. Many of the prime sponsors have been in existence only since 1974. Furthermore, within the CETA system, the greatest premium is put on political and managerial expertise. Those skills are more necessary for survival than a substantive understanding of employment and training policies, since so much policy is made in Washington.

Aside from the difference between sponsors and schools in practices, procedures, and institutional character, there have been substantive sticking points. They have been persuasive, but could be more stubborn barriers to collaboration. There was, for example, some initial concern among educators that the YEDPA programs would have the effect of pulling youths out of school prematurely. That has not developed into a real problem. YEDPA targeting provisions, however, have created persistent tensions between prime sponsors and schools. Targeting on the dropout population has been controversial in a few instances. Some educators do not want to "recycle" youths who have left the system. One principal complained that "the very ones that had been kicked out used CETA as a way to get back into the system."

Targeting by income has presented much more difficulty, on both substantive and political grounds. Substantively, educators have felt that income criteria are not valid and reliable predictors of need for labor market services. They feel, and many manpower administrators agree, that problems youths encounter in the labor market are a product of other factors for which income is not a good indicator; they include broken families, drug addiction, and criminal records. Politically, educators have had difficulty with the targeting provisions because they restrict in-school services to just a small segment of the constituency to which educators must answer.

The award of academic credit has also inspired heated debate. Some educators feel that the award of academic credit for competencies obtained on the job or for work skills has the effect of deemphasizing the academic areas and detracts from preparation for competency exams in the states that now are requiring them. The absence of state guidelines and affirmative state mandates regarding the award of academic credit in non-traditional areas has complicated the issue. The real issue in the award of academic credit, though, is one of turf: who certifies YEDPA experience for academic credit? Educators see this as a school role and guard it carefully. The prime sponsors criticize some schools for being too cautious and reluctant to award credit for anything except the most traditional experiences.

Neither administrative nor substantive differences present insuperable barriers to collaboration between CETA prime sponsors and schools. But they have to be overcome if the systems are to work together. In the areas where CETA and school officials have worked together for long periods of time, they have managed to make the necessary adaptations. In the areas where there is no such tradition of collaboration, the 22 percent set-aside has forced the two systems together in a way that shows promise of wearing down the points of friction between the two systems. Where prime sponsors and schools were already working together, the 22 percent set-aside has done no harm. Where they did not work together before YEDPA, they are more likely to be working together now or at least talking; it has definitely changed the local state of affairs.

The 22 percent set-aside might be criticized for being an imprecise and slow mechanism for change. But under the circumstances, it may be the best tool possible. Because of the tradition of independence that local schools enjoy and because of the federal policy of decentralization and decategorization of CETA, it is impossible for the federal government or state governments to force the two systems to work together at the local level. Without a basis for a statutory mandate for collaboration between prime sponsors and schools, we must, as a matter of policy, provide an incentive for collaboration and a tool for forcing it in a limited way, and then rely on informal networks of professional organizations, public interest groups, and associations to motivate the various constituencies. This necessarily makes for a slower, less efficient process of change, but it is the only feasible means.

The 22 percent set-aside provides the incentive and mechanism for encouraging collaboration in the areas where there has been no collaboration. But for it to be most effective, policymakers should take steps to improve the climate for collaboration. Forward funding of the programs by which joint activities are supported would improve collaborative efforts by providing the necessary lead time for planning. It would also be helpful if there were continuity in the authorizing legislation so that the rules under which collaboration takes place are not subject to constant change. I think there is a strong presumption that the 22 percent set-aside mechanism ought to remain unchanged unless there can be devised a vastly superior mechanism (I have seen no evidence of that).

I would like to turn now to evaluating some of the measures contained in the bills this Subcommittee is considering, with regard to the impact they would have on CETA-LEA collaboration.

There are three bills that deal in any substantial way with the matter of CETA-LEA collaboration: H.R. 6208, Congressman Jeffords' bill; H.R. 4465, Chairman Hawkins' bill; and President Carter's youth bill.

Congressman Jeffords proposes a model which comes close to preserving the balance between financial incentives and statutory requirements that seems necessary to encourage even reluctant prime sponsors and schools to work together. It requires joint grant applications prepared by both the prime sponsors and schools, and specifies the content of those joint applications. The proposal improves upon current provisions by targeting jointly administered money to those areas with high concentrations of students most likely to be in need. By making the program an entitlement, the design is less likely to systematically favor those schools and prime sponsors that have already established good working relationships, and is less likely to exclude prime sponsors and schools that are still at a tentative stage in their working relationships. In other words, this particular proposal assures better than any of the other proposals that the dollars for joint programs will follow the needs of students rather than the grantsmanship ability of prime sponsors and schools or the existence of long established relationships between prime sponsors and schools. By also leaving the current set-aside intact, Congressman Jeffords' bill suggests a useful two-pronged strategy that, first, provides some assurance for at least a basic level of collaboration between all prime sponsors and some LEAs and, second, adds a tool for concentrating resources in a way that will not necessarily build in a bias favoring those areas where sponsors and schools have established working relationships.

The provisions in Chairman Hawkins' bill do not seem as likely to be effective in assuring CETA-LEA collaboration as the mechanism in Congressman Jeffords' bill. Simply requiring assurances that prime sponsors consult with LEAs in the course of the planning process and requiring assurances that arrangements are made with the LEAs to determine that youths are properly enrolled in school and fulfilling education requirements, leaves too many escape hatches. However, this is not a serious weakness. It appears that the entitlement approach proposed by Congressman Hawkins does not require a great deal of collaboration between prime sponsors and schools. Further provisions encouraging such collaboration are probably not necessary since the Chairman proposes leaving intact the 22 percent set-aside under YETP.

I feel the administration's proposal falls far short of breaking new ground in the area of CETA-LEA collaboration or even sustaining the progress that has already been made. First, it eliminates the current 22 percent set-aside under YETP, replacing it with an incentive grant provision which will channel resources to the areas that need them the least when it comes to establishing joint programs. Second, the compensatory education title of the President's bill—which has no parallel in the other proposals that the Congress is considering—makes only inadequate provision for establishing the kind of inter-institutional tension that is necessary if we expect schools to change sufficiently to provide the services that at-risk youths need.

Under the President's proposal, prime sponsors will be able to obtain additional discretionary CETA funds in the form of a match from the federal government if they establish joint programs with local schools. This would require that prime sponsors and schools have at least some kind of working relationship in order to prepare a successful grant application. Such a provision would be useful in providing extra resources to the areas where prime sponsors and schools have been working together and are in a position to experiment with more comprehensive, more sophisticated programs. However, this provision alone simply does not go far enough in assuring a minimal level of collaboration between all prime sponsors and LEAs in their prime sponsorships. It inverts what, I feel, should be the order of federal priorities. Instead of steering resources for collaboration where they are needed most, that bill directs money to schools and prime sponsors which already have established workable relationships and which are more likely to be already allocating resources to pay for joint programs.

Title II of the President's proposal lacks the teeth to initiate changes in school policies and practices. It relies entirely on a system of advisory councils at the school site and at the LEA administrative level to influence school policies with regard to the design and location of compensatory education programs. Moreover, the school site council is the only body with sign-off authority. I think the impact this provision will have on CETA-LEA collaboration will be limited for two reasons. First, advisory councils are inadequate forums for a full discussion and analysis of all the issues. Effectiveness of advisory councils would depend too much on the benevolence of the school administrators and the staff support such advisory councils were to get. Second, the most important policy and administration decisions will be made at the LEA level; that is where decisions about proposal requirements and proposal selection will be made. Yet at that level, the advisory council has no sign-off authority. I am not arguing that CETA prime sponsors or community based organizations should assume responsibility or be vested with the primary authority for deciding compensatory education policies for at-risk youth. The CETA system is not suited for that responsibility. It intercepts these youths for too short a period of time and too late in their lives for policymakers to expect that system to have a significant effect on basic skill competencies. Schools should bear the primary responsibility in this area. But schools have not developed a track record of adequate concern or adequate service for economically and educationally disadvantaged youths. I question whether additional resources for compensatory education at the secondary level will make an appreciable difference in the services that at-risk youths receive unless there are adequate channels for outside influence capable of producing the degree of constructive tension necessary for institutional change.

Mr. Chairman and members of the Subcommittee, I believe that collaboration between prime sponsors and schools is desirable. I think parallel, coordinated efforts are needed by schools and prime sponsors in order to improve the learning experience of educationally and economically disadvantaged youths and prepare them for work. But in order to develop a well-matched, complementary system of service delivery, there has to be adequate collaboration between prime sponsors and schools. Such collaboration is possible. In many areas, it predates CETA. I think that the highest federal priority should be to assure that such collaboration is encouraged in the areas where it is now very limited or nonexistent. In order to spur collaboration where it has not existed before, there need to be adequate financial incentives and requirements for a sign-off. In order for that collaboration to work in the long run, though, there should be sufficient flexibility for prime sponsors and schools to negotiate adaptations suited to local conditions. Whatever builds continuity and stability into the CETA system, as well as the education system, will contribute in a positive way to that collaboration.

I think it is enormously significant the distance social scientists, program administrators, and policymakers have come in the last two years with regards to reaching a consensus about certain aspects of the causes of excessive youth unemployment and what constitutes a desirable response. Youth unemployment, especially among poor and minority youths, is a problem rooted in causes far beyond the labor market. I think the overall health of the economy is still the single most important determinant. But when it comes to focusing on the differential in experience between middle-class youths on one hand and poor and minority youths on the other hand, we have reached what I believe to be a solid consensus in pinpointing deficiencies in educational opportunities as a major cause of the problem. There is a related consensus about what constitutes a minimally effective federal response to the problem: the education establishment must bear some responsibility if any public policy is to effectively reduce youth unemployment. I think that assumptions about the importance of education deficiencies as a factor in youth unemployment and assumptions about the necessity of involving schools in any long term solutions represent real progress over where we were a few years ago. I hope that the Departments of Education and Labor and the Congress do not ignore this progress in the heat of the debate over the precise nature of the role of schools and CETA prime sponsors. There is too much at stake.

Mr. Chairman, the National Council on Employment Policy has just released a policy statement, "An Employment and Education Agenda for Youth in the 1980s." I would hope you would include it in the record, because I think it is central to the issues you are considering in these hearings.

I will be glad to answer any questions.

AN EMPLOYMENT AND EDUCATION AGENDA FOR YOUTH IN THE 1980'S; A POLICY STATEMENT BY THE NATIONAL COUNCIL ON EMPLOYMENT POLICY

The National Council on Employment Policy is a private nonprofit organization of academicians and policy experts with a special interest and expertise in the area of employment and training. This statement represents the combined judgment of the Council members. Despite divergence of opinion on details, the members agreed to a unanimous statement without indicated individual exceptions.

Garth L. Mangum, Chairman, University of Utah; Sar A. Levitan, Chairman, Executive Committee, The George Washington University; Bernard E. Anderson, The Rockefeller Foundation; Michael E. Borus, The Ohio State University; Vernon Briggs, Cornell University; Rupert N. Evans, University of Illinois;

Marcia Freedman, Columbia University; Leonard J. Hausman, Brandeis University; Charles C. Killingsworth, Michigan State University; S. M. Miller, Boston University; Richard Nathan, Princeton University; Marion Pines, Baltimore Metropolitan Manpower Consortium; Michael Piore, Massachusetts Institute of Technology; R. Thayne Robson, University of Utah; Philip Rutledge, National Institute of Public Management; and Gregory Wurzburg, Executive Director.

Most youths face transient problems in the labor market that ultimately are offset by adequate education and an environment in which they learn about job markets, occupational choices and careers. Whatever difficulties they encounter in the transition from school to employment hardly command attention as a national priority.

But labor market difficulties experienced by youths from impoverished homes, particularly minority youths in central cities and rural areas, present critical challenges. They pose immediate economic hardship and serious longer term consequences.

Some of these difficulties can and should be alleviated by governmental intervention. On the supply side, the preparation of youth for work can be improved by compensatory educational efforts and skill training. On the demand side, government should combat more vigorously discrimination in the labor market and create jobs for youth as part of an overall policy conducive to generating economic growth. In addition, career exploration and training for job search would better help match supply and demand.

THE NATURE OF YOUTH UNEMPLOYMENT PROBLEMS

The unemployment rate for white youths has been declining steadily during the economic recovery since the 1975 recession. Though the rate remains high, the problem is not acute. In fact, the ratio between youth and adult unemployment among whites is lower today than it was during the late 1960s. The frequent unemployment spells of majority youths appear to have little effect on long-term employability or earnings. They may, indeed, play a part in the process of settling down and occasionally have a beneficial effect in teaching young adults about labor markets.

Society offers options for most youths in either the labor market or alternative activities that defer work for pay. There remains, however, a sizeable minority of youths out of the mainstream who fail in or are failed by existing institutions.

The labor market problems of these youths—mostly poor, nonwhite, Hispanic, and some native Americans—entail immediate economic hardship and appear to have long-term effects on employability and earning power. Not only is the absolute level of unemployment for poor and minority youths unacceptably high, but the differences between the experience of white and minority youths have been steadily worsening for the last two decades.

The causes of youth unemployment—especially among poor and minority youths—are enmeshed in a web of social, educational, and economic forces acting on the lives of these youths and their families. Causes are hard to disentangle from effects. Substandard schools, disrupted family lives, a lack of role models, welfare dependency, early childbearing, parents working in low-paying, dead-end jobs with little hope for improvement, and a lack of effective access to good jobs all affect the labor market prospects facing these youths and their outlook towards work. Youths trapped in decaying urban areas or depressed rural areas face limited local job opportunities. More important than geographical isolation is social alienation. Middle-class youths rely heavily on the access to jobs provided by friends, parents, and neighbors; employers also rely heavily on these sources in their recruiting. Poor and minority youths lack such informal networks.

Racial prejudice persists as another enormous barrier keeping minority youths out of jobs Affirmative action programs and other anti-discrimination measures notwithstanding, many employers put minority youths at the end of long lines of applicants for scarce jobs. But, even if these problems were to disappear overnight, there still would not be enough jobs to go around. As long as adult unemployment rates are high, younger workers will suffer.

While the youth population will be declining for at least the next 15 years as a proportion of the total population and labor force, it will become more heavily minority. If past patterns of discrimination persist, poor and minority youths may benefit little from the expected decline in job competition among the young, and will continue to fare poorly in the labor market.

FEDERAL RESPONSES TO THE PROBLEMS OF YOUTHS

From the early 1960s through the mid-1970s, there was a proliferation of programs providing youth employment and training opportunities. Some concentrated on job creation while others tried to improve long-term employability. The record of these past efforts has been mixed. The principal work experience programs for youths—the Neighborhood Youth Corps and a succession of summer jobs programs—have been criticized widely for creating make-work jobs for youngsters and providing little more than income transfer, while engendering poor work habits; some studies, however, have found positive outcomes for these programs. Compensatory education programs, which appeared at first to have little impact on improving educational achievement among economically and educationally disadvantaged youth have proven effective in raising the level of their educational attainment.

In the latter 1970s it became clear that further measures were necessary to bolster the federal commitment to alleviate youth eunemployment and to attack is causes directly and indirectly. Frustrated with growing youth employment problems of the mid-1970s, the failure of piecemeal solutions to those problems, and uncertainty about the relative effectiveness of alternative remedies, Congress and the Carter administration launched a new youth initiative in 1977. The Youth Employment and Demonstration Projects Act (YEDPA) was designed to provide immediate relief to the youth employment crises, fund alternative experimental approaches and evaluate their effectiveness.

The returns on the experimentation are not yet in, but it is apparent that labor market problems have neither isolated causes nor effects and that solutions cannot be provided readily by a single institution. A myriad of socioeconomic factors beyond the effective reach of public policy affect the experience of young adults in the labor market. Family background, place of residence, home life, and informal labor market networks are enormously influential. But institutions—most notably labor market agencies and the education system—also have important effects on the experience of youth trying to find work, and they are subject to federal influence.

The next iteration of federal youth initiatives should build around four components of services: basic, remedial, work-oriented education; job skills; labor market awareness; and work experience. In formulating service strategies, client groups must be differentiated because needs and program effectiveness vary by age and enrollment status in educational institutions.

Educational change

Education must be an important focal point of any truly comprehensive youth employment policy because education deficiencies go hand-in-hand with poverty and labor market hardship. Changes are needed, starting in the lower grades. Compensatory education at the elementary school level should be augmented with an emphasis on the development of work values and sound work habits, integrated with academic learning. Such work orientation is important for all children but vital for those whose environmental circumstances pose handicaps.

At the secondary level, dropout rates remain high, especially in inner city schools, and the quality of education is low for those students who remain in school. Unfortunately, few compensatory education resources are reaching this level. Continuing compensatory education services through the higher grades should be available to reinforce and sustain gains from the elementary level. Providing compensatory education at the secondary school level also increases the chances that all youths in need wil receive at least some extra assistance during their time in the public school system.

A policy for extending compensatory education to the secondary level should build on two premises. First, it should represent new funds for compensatory education and should not be paid for at the expense of such efforts at the elementary school level. Second, it should recognize that providing compensatory education at the secondary level is likely to be more expensive than providing it at the elementary level, since it requires different curricula and staff capabilities. There are few high school teachers trained to teach basic reading and arithmetic, although the experience of the Job Corps and military might be profitably utilized by secondary schools.

It is no accident that those who do well in school generally do well in employment. The same skills and attitudes lead to success in both. Work values, work habits and understanding of labor markets and employer-employee relationships are all subject to teaching and learning. They can and should be incorporated into a basic education program at elementary and secondary levels without interfering with traditional academic studies. Such career preparation is needed by all children and youth, and especially those poor and minority students who are deprived of such preparation at home. It requires a higher level of outlays for federal career education measures already in effect.

Providing basic literacy skills to out-of-school youth—both dropouts and graduates—presents a different challenge. It is well established that a large proportion of these youths fail in—or are failed by—schools because the traditional education structure does not challenge them sufficiently or is not flexible enough to meet their particular needs. It would not be sound policy to try to lure these youths back into the same educational setting that failed them before. Alternative education systems are necessary. In some cases CETA prime sponsor or community based organizations under contract to prime sponsors have established stable and effective alternative education programs. In other cases, school systems have developed alternative structures, either on their own or in concert with other local agencies (prime sponsors included). Obviously local capacity and preferences vary from area to area. Federal policy should leave the choice of deliveries open to local decisionmakers, but it should provide for experimentation and continuation of promising trial projects at least until such trials have proven successful enough to gain local public acceptance and support.

Improving job skills

The value of extensive occupational skill training for increasing the employability and earning power of school-age youths is open to question. This is because few skilled jobs are open to entry level workers immediately out of school and, more importantly, because occupationally-related skills are acquired in a variety of ways. The mere existence of a preemployment training course does not automatically confer the stamp of legitimacy—employers have to recognize it as a source for recruitment.

Secondary school vocational education might be justified, however, not for its direct effect on placement and earnings, but rather as a curriculum better suited to hold certain types of students in the schools. To the extent that this effect can be demonstrated, and that the curriculum succeeds in raising academic achievement and in helping to socialize prospective workers, skill training at the secondary level may serve a useful purpose and the federal government should support it. Federal youth development policy should continue the pressure that federal vocational education laws already apply to broaden the population served by vocational education and better penetrate the at-risk population interested in pursuing vocational training. There should be two objectives to such a strategy: (1) to increase the enrollments of educationally and economically disadvantaged and handicapped youth in vocational programs, and (2) to increase vocational staff capacity to serve the special needs of these students.

Vocational education is not the only vehicle for skill training. The CETA prime sponsor system was also created to serve that purpose. The role of the CETA system in providing skill training for youth should be developed carefully, however. The CETA system should not compete with mainstream training institutions for students, but should reinforce and complement those efforts when mutually agreeable. The CETA system should provide training to under- or unemployed, out-of-school youths. Even for this group intensive training should be undertaken cautiously, since it has little effect on later earnings or even occupational choice. Young dropouts do not leave school to get a headstart on their careers, and in fact, are inclined to change jobs frequently. They are not ideal candidates for major training investments. More intensive training opportunities should be available for older, out-of-school youths as well as youths under 19 who have displayed interest and aptitude in particular skill areas. These opportunities might include pre-apprenticeship, apprenticeship and on-the-job training.

In central cities and rural areas lacking skill training facilities it is hard to justify massive investments in such facilities for the benefit of youths alone. Furthermore, their problems are not separable from the problems of older adults, employers and the community at large. The federal government should underwrite development of skills training facilities in hardpressed central cities and rural areas only as part of a combined strategy to support youth and adult employability development goals as well as larger economic development goals. Obviously, because of the diminished ability of center city and depressed areas to pay for new services, these areas cannot contribute as large a share of local money as other areas. For that reasons, federal vocational education spending for this kind of program should be proportionately higher than usual to achieve the desired results.

For youth with severe educational handicaps and debilitating family environments who cannot be served directly by prime sponsors, the Job Corps provides intensive supportive services and counseling in a residential setting. This extraordinary support capacity should be retained, and sponsors should be cautious in attempting to develop program approaches to serve the extremely disadvantaged and hardcore unemployed youth for whom the Job Corps is better suited.

In assessing the nation's capacity to develop human resources, the armed forces are frequently overlooked. Each year, the Department of Defense spends annually more than three times as much as the CETA system does for education and training programs. The military has developed a number of intensive programs for providing compensatory education to the many enlistees with low educational achievement. These efforts appear to be paying off in higher achievement levels and retention rates among entrants who show low ability initially. The armed forces should be utilized as an alternative institutional setting offering additional opportunities for jobs and human resource development for poor, skill deficient and educationally disadvantaged youths encountering difficulties in the civilian labor market. The military also can serve as an alternative for youths who, though not suffering severe labor market impairments, are not equipped, or inclined to settle down into a definite career. It can extend the socialization process and provide the institutional structure that many youths need to prepare themselves for the responsibilities of adulthood.

In order to better inform youths of their options, prime sponsors and local armed forces recruiting offices should be encouraged to familiarize themselves with each others' services. Where complementary service offerings are feasible, appropriate arrangements should be pursued in order to increase the employability development opportunities for youths entering either system.

Labor market services

Improved basic competencies are only the starting point for youths hoping to compete successfully in labor markets. Youths need an understanding of how the labor market works, the kinds of jobs they are equipped to handle, the preparation they need for later careers, and how they can find work.

To help youth find job opportunities, greater emphasis is needed on instructing youth on job search techniques, and aspects of labor market operations. In addition, a key part of every placement and training agency's activities should include direct linkages with employers, including the capability of offering on-the-job training opportunities.

The young adults needing this kind of help are both in school and out of school, so the institutional arrangements for providing such services are not likely to be neat. Since responsibility for smoothing the transition from school to work is normally beyond the services provided by education institutions, the 1977 youth legislation earmarked funds to induce schools to provide career guidance counseling to noncollege bound students. Even without federal assistance, some school systems are developing work experience programs and placing enrollees in them. The direction of these changes is promising, but the results so far are limited.

The institutional linkage fostered by the 1977 youth legislation should be encouraged in the hope that the induced collaboration will mature and bear fruit. Crude estimates indicate that school-based programs are typically diverting the bulk of their resources to enrollee stipends and wages, contributing little to the institutional changes necessary to make employability development a more integral part of the education process. To assure that money is available to buy the changes necessary in schools and shield local administrators from pressures to create as many youth jobs as possible, the share of each sponsor's allocation that goes to local schools should be clearly available for costs other than enrollee stipends.

Job creation

Regardless of how well youths are prepared for work and how efficiently labor markets function, unemployment will remain high unless there are enough jobs to go around. Plainly, more jobs are needed. At issue is how additional employment should be generated.

The focus on inflation and the need to reduce the federal deficit are likely to preclude much use of economic stimulus as a policy tool to ameliorate the problem of youth unemployment. This means that other measures are necessary to close the job gap.

One strategy is to increase demand for youths in private sector jobs, requiring the recognition of extra costs involved in hiring youth. Presumbaly inexperienced youths tend to be less productive than other workers. Hiring youth may also involve added training including higher supervisory costs due to their higher turnover, and rising unemployment insurance and workers' compensation costs. To help offset the real and perceived costs to employers of hiring youths, the federal government should permit CETA prime sponsors to pay wage subsidies, ranging up to 100 percent. As worker productivity picks up, subisdies should be phased out. The development of unsubsidized jobs should be stressed, however, not only because they are easier on the public purse, but also because they enable CETA sponsors (or whoever conducts placement activities) to broaden the base of youths served as well as to broaden the base of employer participation.

Although unsubsidized job development ought to be reserved mainly for older youth (18 and over), the Targeted Jobs Tax Credit now in effect should be extended to cover 16 and 17 year olds. The present provisions leave them at a disadvantage because of their higher wage bills relative to older youths already covered.

Regardless of policy on subsidies and tax credits, there should be greater emphasis on developing jobs in the private sector. In order to encourage such job development, local administrators need to be given resources, technical assistance, and incentives. Because youths in need of jobs are found in school and out of school, there should be an institutional capacity to serve both without creating a situation in which job developers get into competition with one another. Either the budding private industry councils established under CETA or the employment service could be instrumental in performing these services in collaboration with CETA prime sponsors and local education agencies.

The private sector should be expected to provide some opportunities for employment. But, even with prodding, private sector opportunities will not be sufficient to obviate the need for public sector job creation. At least during economic slowdowns and probably even in the best of times, the mainstay of any jobs program for youths will have to be subsidized employment in the public and private non-profit sectors.

Subsidized job creation should be designed to provide income transfer and credible work experience that, at a minimum, teachers participants good work habits. Job subsidies should be restricted to economically disadvantaged youth and concentrated on older and out-of-school youths. Job creation for youths under 18, though important, should be assigned a lower priority. Work is all too likely to become a competitive alternative to school. "Career relevance" and "meaningfulness" are not important criteria in creating jobs for younger youths; most have only a vague notion of what they want to do for a living. Even the most career-minded youngster just starting to work needs a well-supervised job more than placement on the first rung of a career ladder. For older and out-of-school youth, job placements should be matched with career interests or be designed to provide an opportunity to provide an opportunity or testing career areas, since job content becomes progressively more important in making long-term occupational commitments.

The public service employment expansion of the mid- and latter 1970s and the annual implementation of the summer youth jobs programs have demonstrated that it is extraordinarily difficult to develop large numbers of well-supervised jobs quickly. Since numbers are less ambiguous than the quality of supervision, the latter invariably suffers. Prime sponsors should be permitted discretion in using some summer jobs money to create year-round opportunities. In order to minimize disruptive surges in enrollment levels, they should also be given sufficient spending flexibility to stagger enrollments.

Sixteen years after enactment of the Civil Rights Act, discrimination still pervades the marketplace. The federal strategy under current conditions should focus on encouraging administrators to enforce existing statutes more conscientiously and vigorously than they have been. A number of federal agencies provide national leverage points for increasing the impact of existing antidiscrimination statutes. They need to be given the mandates and assured the resources to fight discrimination in labor markets, especially where it falls heavily on youths.

OPERATIONAL ISSUES

Aside from the program elements that should be incorporated into a national youth policy for the 1980s, there are two important operational considerations that need to be addressed: targeting of employment and training services, and the relation of youth services to adult services.

Targeting

Income has been utilized frequently as an eligibility criterion for employment and training. The experience under the youth employment and training programs of the past two years, however, opens to question the reliability and validity of family income as a predictor of the need for employability development services among youths. The current reliance on family income as an eligibility screen for training should be relaxed. There appear to be a great number of youths who are not from low-income families, but who experience obstacles to employability and earnings. These youths are from broken homes, they have emotional and physical problems, learning disabilities and histories of drug abuse or run-ins with the law. They too are in need of extra help and they lack alternative avenues for assistance.

Another reason for reconsidering income eligibility criteria is that targeted programs are proving not to have as broad appeal to local schools and employers as untargeted programs. This is because, first, the current standards preclude participation of many youths whom school counselors and teachers know to be in need of manpower services; the "arbitrary" exclusion of such youths diminishes staff support for the programs. Second, by narrowing the base of youth participation, policymakers trade a higher concentration of resources for a narrower base of parent and employer support and less ability to leverage school support in providing labor market services and employer support for hiring youths.

There is a danger that relaxing income eligibility criteria will lead to resources being spread too thinly. This dilution can be minimized by sharpened program design. For younger youths still in school it is possible to use lower cost counseling and informational services. For youths over eighteen subsidies can be reserved for low-income youths allowing administrators some discretion in relaxing income standards for a small proportion of enrollees suffering from other handicaps.

Less restrictive eligibility criteria will broaden the client population and institutional base, and help eliminate the poverty stigma attached to many of the CETA programs. In the long run, this may increase both their acceptability and effectiveness.

Integrating youth and adult services

Since enactment of YEDPA, CETA administrators have found it easier to establish discrete program tracks to serve youths and adults. Separate planning and program requirements, regulations, accounting and reporting guidelines, and a distinct national emphasis on youths contribute to the creation of dual tracks. Yet, separate youth intake, counseling, and program agents reduces both the efficiency and effectiveness of local operations. It fosters duplication, reduces the opportunity for taking advantage of economies of scale, creates an artificial distinction between the problems of youths and adults, and prevents exposure of youths to older enrollees with broader work experiences. In fact, CETA prime sponsors do need to provide certain services for meeting the special needs of youths. The failure to do so in the past contributed to the impetus for the 1977 youth initiative. But, since most of the needs of youths are not clearly differentiated from those of adults, comprehensive delivery systems should be used as much as possible. The Congress and Department of Labor should assure that new legislation and implementtaion of such legislation encourages unified delivery as much as possible.

NEEDS AND FUNDING

The Council favors a comprehensive national youth development policy. It should be of sufficient scale to provide educational and skill competences, alleviation of discriminatory barriers to employment, and increase job opportunities for poor and minority youth.

Compensatory education should be extended to the secondary school level. Given the recent decline in real state and local outlays for education due to falling enrollments, the federal government should not have to shoulder the entire new burden for compensatory education. But it needs to provide some leadership, if not for narrow educational purposes, then for larger human resource development purposes. The same applies to support for well-documented career education techniques.

Net new money is needed to upgrade or establish new vocational training facilities in declining central cities and rural areas. Because establishing new skills centers is likely to be expensive and involve extensive local planning and development of a "market" among local employers for trainees, resources should be directed to only a few areas so as to provide all the resources needed to establish new facilities. Site selection should depend on the absence of existing facilities and the likelihood of generating sufficient demand for trainees. New resources will also be needed for additional job creation, labor market awareness, career exploration and vocational counseling services.

The program specifications proposed here are only meant to suggest national needs. In fact, rather than recommending rigid categories of service, the Council endorses encouraging local discretion in developing programs for youth.

The Carter administration appears to have recognized the need for new funding for programs along the lines suggested here. We stop short of proposing funding levels for new youth initiatives or suggesting reallocation of existing funds that would require placing the needs of youth in the hierarchy of pressing national priorities. Ultimately those decisions are dictated by political judgements and do not depend on any empirical analysis of the problems of youths or the relative effectiveness of solutions to their problems.

The Council does recommend, however, both that resources be made available in sufficiently large amounts to insure that the new initiatives will have a significant effect, and that the resources support a balanced mix of developmental services, training, labor market services, and job creation. In increasing resources, however, care should be taken not to exceed the administrative capacity for expansion of local operations.

If resources cannot be increased, current programs should not be disturbed, in order that they can benefit from some continuity and stability.

The Council strongly recommends that, in adding resources for new youth programs, they not be reallocated from existing employment and training programs for adults nor from compensatory education programs for elementary school students. Faced by the prospects of rising unemployment and the presence of many unskilled and unemployed persons, we can ill afford any changes in policy that would have the effect of weakening employment and training services for adults. Compensatory education programs in elementary schools are similarly essential and should be left untouched. As a matter of public policy, we should not sacrifice programs of known effectiveness in favor of new and untried initiatives.

STATEMENT OF GREGORY WURZBURG, EXECUTIVE DIRECTOR, NATIONAL COUNCIL ON EMPLOYMENT POLICY

Mr. WURZBURG. Thank you for the opportunity to appear here. Just as a little background, the council and I started an evaluation of YEDPA implementation. Back in late 1977, shortly after we got into that, it became apparent that this 22-percent set-aside and the issue of CETA/LEA collaboration was going to become a topic of great significance and we started looking at it a little more carefully and we started an extra study to look specifically at that.

What I would like to do is briefly summarize our findings with regard to that set-aside and then evaluate some of the proposals in terms of how well they either build on that set-aside or depart from the progress we have made under it.

I think the 22-percent set-aside is most important as providing an incentive and a mechanism for collaboration. It provides money and by forcing signoff between the prime sponsors and the LEA's it forces them to get together. I think that is important.

We are not talking about something that is a conduit for getting particular kinds of programs in the schools of prime sponsorships. It is basically a mechanism to start collaboration. We are leading a horse to water here. We are not telling it to drink.

What we have found, and I think this is important, is that we can classify prime sponsors in two groups. One is the group that had prior contacts with the schools. They had prior contact under CETA title I. Occasionally they had contact even before CETA under NBTA. And in these cases the schools and prime sponsors were working together and the 22 percent really had very little effect in causing any new collaboration. The money went into joint programs that probably could have been developed without the set-aside.

For the areas in which there is very little contact prior to YEDPA the 22 percent produced some changes. This is where we found the most noticeable differences. It helped to overcome a lot of the administrative and substantive barriers to collaboration between prime sponsors and LEA's.

As far as the administrative differences go, I think these differences between the two institutions are important to consider because these are the things that really stand in the way of the doing things together. On the administrative side they have differences in the fiscal and program years.

The fiscal year for schools typically starts July 1 or maybe January 1 and their program year, of course, begins in September. Planning typically takes place in the spring. For the prime sponsors the fiscal year starts October 1 and a lot of final planning decisions frequently cannot be made until that last month before the fiscal year, and we found in the first 2 years of YEDPA really a lot of decisions were pending even after October 1.

Also, there is a different pace of planning; the pace in the schools is a much more measured pace. There is much less up for reconsideration every year. Prime sponsors frequently have their entire program in question until just weeks before they are ready to start and this creates a problem. It means a much faster pace of planning on the part of prime sponsors out of necessity.

We have uncertainties under CETA. There are constant changes in regulations. There are changes in guidance from the Labor Department, questions on appropriations, allocations, and even questions and uncertainty about authorization under which the prime sponsors are operating.

Another important difference is the accountability network that the two systems face. Schools are accountable essentially to local boards of education and sometimes, as in the case of Baltimore, also a mayor. Usually it is independent. It is a board of education.

On the other hand, the prime sponsors are reporting to some local official. Sometimes it is the same one that you have the schools report to, usually it is not, and then their primary responsibility and accountability is to the Department of Labor.

So they are reporting essentially at the Federal level and the schools are reporting to the local people and to State administrators as well.

There are differences in the age of the bureaucracies and I do not think you can ignore this. There are no one-room skill centers for CETA. CETA is relatively new but the education community has been around for a long time. There are fixed career patterns; there are administrative hierarchies; there are professional interest groups in place; there are credential standards. In short, there is an institutional identity and there is some sense of permanence.

I think CETA is a marked contrast to that. Manpower really did not emerge as a policy area until the 1960's and many of the prime sponsors have existed only since 1974. There is not much perceived staying power among prime sponsors within the local bureaucracy. They are always on the block in Washington or in the Department of Labor.

At this stage for the prime sponsors, there is much more emphasis on managerial and political expertise. It might also help to have a good criminal lawyer.

Substantive expertise is not so important for their survival because so much of their policy decisions are made for them in Washington by the Department of Labor, and to an extent, by the Congress. There are also some substantive differences and this is also a source of friction between the two systems.

There was some initial concern on the part of educators that the prime sponsors and YEDPA were going to pull kids out of school. This did not really develop. There were a few instances but it was not a major issue.

Targeting created more problems. First there was the targeting problem on dropouts. Some educators did not like the idea of targeting on dropouts. They are more concerned about the kids in the school.

We found one principal in our study who complained that the very ones that have been kicked out of school use CETA as a way to get back into the system. I know there are some educators who have a finely tuned system for weeding out the troublemakers, and they felt this thwarts that. That was not a problem, with all due respect to the education community.

There were more serious problems with targeting by income, substantive and political. Substantively many educators and some manpower administrators feel also that family income is not a very good predictor of labor market needs. There are other problems that do not go hand in hand with poverty. There is drug addiction, criminal records, broken families. These all create problems which can lead to problems in the labor market.

So they would rather have some flexibility in serving kids, not just kids who are in poverty.

Politically, educators have a much wider constituency that they are accountable to. They have problems sometimes in dealing with a program that is focused just on a narrow part of that broader constituency.

We also found some problems with academic credit. That was controversial. Some of the educators felt that it deemphasized traditional academic areas. Some educators felt that it detracted from preparation for the competency exams that many States have instituted. There is also little State guidance, and it was not a matter of States telling them they could not award academic credit. Generally the LEA's have authority to do it, but there was a lack of affirmative involvement on the part of the States in the first 2 years.

A lot of that is changing and there is more guidance now than there was before in favor of awarding academic credit for these less traditional activities. But I think academic credit is hot primarily because it is a turf issue. The educators are guarding that quite jealously, the authority to award academic credit. There is disagreement about what sort of standards ought to be involved in awarding academic credit, and that is something that has to be ironed out on a case-by-case basis, and it is being done in many areas.

I think set-aside is a rather blunt tool for change, but I think we have to consider the alternatives to the set-aside very carefully. The real problem is that the LEA's and the prime sponsors, CETA prime sponsors, are local and Federal creatures. Schools are creatures of the local discretion. They have a tradition of independence. And then the prime sponsors, although they are Federal, discuss decentralization and recategorization. They are not direct arms of the Federal Government.

So what we are trying to do is almost push with a rope here. We have two groups in which there is a very tenuous attachment to the Federal Government. And this is going to limit the nature of the impact and the speed with which we can have an effect on local conditions. It means that we have to be very reliant on informal networks for getting the word out, especially on the education side.

We cannot use the Department of Education to tell local schools what to do. We have to rely on getting the education community, the public interest groups representing educators, the professional groups, to accept the idea of involving the school and work on getting them to pass this on to their membership.

We also have to do something to improve the climate for collaboration. This forward funding, I think, would be a definite help. It would slow down and make for a more deliberate planning process, I believe. The continuity in the authorizing legislation would help. And partly for this reason I think the 22-percent set-aside has been effective. It ought to remain pretty much intact because schools, especially in the areas where there has not been much CETA/LEA collaboration, and prime sponsors are getting used to the idea of going through the motions under the set-aside. There is some stability here which would definitely help. It would mean that they do not have to go and start all over again.

As I said, we should not be expecting the set-aside to have much of an effect on substantive policy because the needs and the administrative capacities of local schools and prime sponsors varies. Political conditions vary. Education policy is supposed to be in the domain of State and local administrators, policymakers, and I think our hands are tied here.

But I think there has to be a presumption that if collaboration takes place between prime sponsors and schools, some good is going to come out of it.

Now I would like to evaluate some of the proposals that you are considering. There are three proposals right now that are under consideration which I think are most important with regard to CETA/LEA collaboration, Chairman Hawkins' 4465, Congressman Jeffords' 6208, and then President Carter's proposal.

I think Mr. Jeffords' comes closest to incorporating the financial incentives and the statutory requirements that are likely to build on the collaboration that has already been established and move it. It provides money and it requires a joint submission. Those are the two basic ground rules.

I think it improves on the 22-percent set-aside by concentrating the new money on areas with concentrations of high risk youth. And by making it an entitlement for certain areas, it does not favor just the good working relationships that certain prime sponsors and LEA's have established and it does not systematically favor grantsmanship.

What I see essentially there is a two-pronged strategy. By keeping the 22-percent set-aside it assures a minimum level of collaboration.

Mr. HAWKINS. Both proposals do that, the chairman's proposal as well as Mr. Jeffords'.

Mr. WURZBURG. Right. I am going to move on to yours too.

Mr. HAWKINS. I just did not want you to get too far away from that clarification.

Mr. WURZBURG. Right. They both establish that minimum level of collaboration. Congressman Jeffords concentrates extra resources on the areas of the greatest need.

The chairman's bill also proposes essentially a two-pronged approach, keeping the 22-percent set-aside. The assurances in the entitlement section to consult with LEA's, I do not believe have sufficient teeth to involve CETA and LEA's where they are not already involved. However, I do not think that is a serious shortcoming because I am not convinced that very close LEA involvement is mandatory for the entitlement to work.

It does not bias distribution of entitlement money in favor of areas where there are good collaborative agreements already.

The administration proposal is a disappointment. I think it falls far short of breaking new ground in the area of collaboration between prime sponsors and the schools. I do not even think it sustains the progress that we have already made. It eliminates the 22-percent set-aside and it replaces it with an incentive grant that will systematically favor areas that have established good relations between prime sponsors and schools.

The title II section on compensatory education, which really has no parallel in either the chairman's bill or Mr. Jeffords' bill, I do not think creates the kind of tensions that you need to create institutional changes. I think the schools, while they are the best institutions adapted to providing as much compensatory education that we need, but prime sponsors and CBO's, for example, do not intercept the kids in need early enough in their lives and they intercept them for too short a period of time.

They cannot do the job. The schools have to do it, but I do not think they have either the track record or the performance or the motivation to provide the kind of services that these kids need. That is why I think there have to be provisions for more tension. By that I mean that there has to be some outside influence on how they make policy. I do not think there are provisions enough in the administration's bill for doing that. The administration's bill in that respect, I think, goes too far to isolate schools and prime sponsors. It divides the labor too firmly between the two institutions.

Overall I think, with regard to the set-aside, the administration bill inverts the Federal priorities. It does not get money to the areas where there is the least collaboration. It systematically biases money to go to the areas where prime sponsors and schools are working together well enough to put together a passable grant application to the Department of Labor. That, I think, is a mistake.

I think it may be a useful supplement to the 22-percent set-aside because it would provide possibly some seed money for ideas in exemplary programs, experimental programs, which might be used for models later on by the other school systems that are still at a very primitive stage of collaboration with prime sponsors.

By itself it will widen the gap, I think, between the schools and the prime sponsors that are at a very basic stage of collaboration, and the ones that are at quite a sophisticated stage.

Mr. Miller. Excuse me. If I can interrupt, you indicated that that was the experience early on with the 22-percent set-aside, that you started out first with those areas where there was already collaboration.

Mr. Wurzburg. We found that they fell into two groups, areas where there is little prior collaboration, in which the 22-percent set-aside at least got the two systems talking together, and in the areas where they already had a lot of collaboration it made very little difference.

Mr. Miller. In that aspect it made very little difference. Did it broaden the program?

Mr. Wurzburg. We think it did, yes. It went into joint programs. It poured more money into joint programs that were already there. It did not hurt. But my point is that the 22-percent set-aside is a mechanism for encouraging collaboration and was naturally most noticeable in the areas where there was no prior collaboration. In the areas where there already was collaboration it added to what was there.

I guess what I would like to see is something in the nature of a two-tier approach in which you have one tier—well, as both the chairman and Mr. Jeffords are proposing, retaining the 22-percent mechanism to assure that everybody is at least at some minimal level of collaboration, and then extra money that concentrates resources where the need is greatest or perhaps concentrate resources where prime sponsors and schools are likely to develop some exemplary alternative education programs, for example.

Mr. Hawkins. Would the latter group possibly include not the minimum of 22 percent but perhaps more than the 22-percent set-aside?

Mr. Wurzburg. I was afraid you were going to ask a question like that. In fact, we found a lot of schools and prime sponsors, both where there had been no prior collaboration and where it just started, a lot of them were putting much more than 22 percent into the school systems.

Usually, where we found them putting in 22 percent, frequently it was where they already had programs.

Mr. Hawkins. The thrust of it is certainly not to insist on any dogmatic answer. But would the tendency be that those who had good collaboration would use more than the 22 percent rather than those who had practically none?

Mr. Wurzburg. I do not know if it would go that way. In fact, they were using a lot of their title I money before the amendments for joint programs. What would have happened with that new youth money, it is hard to say.

We also found that there were good collaborative arrangements between prime sponsors and the schools in large cities. Out of necessity they work together more.

One of the problems in the large cities is that there are many more interest groups competing for that money. We found frequently that the large cities kept the LEA share to about 22 percent for two reasons. First, because LEA's were getting money under other titles; and two, they were not very well shielded when it came to offering us, say, 50 percent because CBO's were in there saying that they wanted a share too. So there are more political pressures for it.

That 22-percent set-aside is not always a good indication of how healthy the collaboration is, because you really have to look at the total pot of money that the schools are getting.

Mr. **Miller.** If I remember correctly, the Secretary of Education indicated in her testimony that that is what they anticipated happening or hoped would happen under the administration's bill, so that those ongoing and well-established programs would come in for the early funding because they obviously could compete successfully against a school at the local level where there was no program.

So you would just be reinforcing that experience that you have already had with the 22-percent set-aside where there is a good collaboration already.

Mr. **Wurzburg.** That is why I think it inverts the Federal priorities. I think you ought to be using Federal money to leverage change where you could not get it otherwise. But what they are doing is adding money to something that is already established and we would be going along with that with Federal money. It is augmenting it, and you would be getting more money, for example, into the schools in big cities because the money would be tied up in a way so that the CBO's could not go in and say, "We want a shot at that money."

The way that they are proposing that, the money would be available essentially for CETA/LEA joint projects. It might be spent for CBO's once it is awarded but it is shielded in the same way that the 22-percent set-aside is. But, yes, I agree that it would be sending money into the areas where, as far as I am concerned, you do not need it as badly as you need it in some other areas.

There is no provision to get it to the areas where there is very little collaboration right now, because they are taking out the 22-percent set-aside.

Mr. **Miller.** In effect, you are going through the process of creaming? You are putting that money out there and those programs that are well established, that have collaboration—that have the support of the prime sponsors, communities, employers, and the school district—the school district will be able to, because they do not need a signoff, move right back into those programs. And those areas where it is needed, where we are having a struggle getting it going, will be down the road in 3 or 4 years?

Mr. **Wurzburg.** That is right.

Mr. **Miller.** You get good results that way.

Mr. **Wurzburg.** You get great results if you are trying to show some exemplary programs. But, as I said, I think a two-tier approach would be useful to build some sort of research component onto a second tier where you are trying to really encourage some innovative ideas and explore programs. You can harvest the fruits of a good CETA/

LEA relationship so that other areas can use it. But I do not think that that ought to be the primary emphasis of the program.

Mr. MILLER. Can you speculate on what would happen if you continued, since the administration proposal does not have the 22-percent set-aside, or augmented with additional moneys in one fashion or another that approach with the 22-percent set-aside? What could we expect over the next few years in terms of additional programs coming on line? If people knew that there was a continued source of funding in that area, would there be an expansion of existing programs?

Mr. WURZBURG. You mean, would it help collaboration if we continued the 22 percent?

Mr. MILLER. Not just collaboration, but would it help bring about the existence of programs or expanding those programs which are already working well and can stand the test of monitoring and accountability.

Mr. WURZBURG. Yes, I think so, especially if you have some discretionary money that is going to reward some innovative projects. I think the 22-percent set-aside ought to be left largely intact. Schools and prime sponsors are just getting used to it in the areas where it has the most effect. It takes an awful lot of time. We are talking about trying to push two systems together over which, from the Federal level, we have very little control.

Mr. MILLER. That is really the point, is it not?

Mr. WURZBURG. Pardon?

Mr. MILLER. That is really the point. We can do all we want to but if the local school board has an antagonistic approach toward prime sponsors and CBO's, certainly under the administration's proposal they really do not have to sit down and deal with them, do they?

Mr. WURZBURG. No.

Mr. MILLER. There is no signoff. There is advice and there is consultation, but in the final step it is the principal and the superintendent, who are going to make those determinations under the administration's proposal?

Mr. WURZBURG. Yes.

Mr. MILLER. There is not any of this process required to determine the use of the 22 percent?

Mr. WURZBURG. A joint signoff creates a shared vested interest. If you start moving in the direction, and I think the CETA system is moving in the direction, of more and more performance contracting, even if they are not of a mind to work together initially, once you have both parties' names on an agreement and you have a performance contract, out of self-interest they have to start looking at what is going on.

People do the right things for the wrong reasons. I think here we would see, based on my experience so far, just by forcing these two systems together they cannot help but start interacting in a progressively more productive way.

Mr. HAWKINS. Mr. Petri, I do not think that you have had an opportunity to question the witnesses. I recognize you for that purpose.

Mr. PETRI. Just briefly, what is it you want us to do?

Mr. WURZBURG. In the current law we have the 22-percent set-aside provision. I am of the opinion that it is bearing fruit in the areas that are most critically in need of an outside push. I think it ought to be left largely intact. I think it is a mechanism that is not producing spectacularly quick results because we cannot do that, but it is modestly effective.

Sponsors and schools are becoming accustomed to it. I think we ought to build on what is already there. If we are to disrupt things, the areas that would bear the brunt of it would be the ones where these relations are most tenuous. If we were to adopt, for example, the administration's approach, I think we would probably effectively discourage or make collaboration more difficult than it is now.

Mr. PETRI. That is all.

Mr. HAWKINS. Mr. Weiss?

Mr. WEISS. Thank you, Mr. Chairman. I have no questions.

Mr. HAWKINS. Mr. Wurzburg, I do not know whether or not we allowed you to go through your other points. If not, you may do so.

Mr. WURZBURG. I have just a couple of last remarks. I think the idea of collaboration is desirable. That is really what it boils down to. If we think it is desirable, then it is worth debating the 22-percent set-aside. If it is not, then we will throw it out.

I think collaboration is desirable. I think prime sponsors and schools have something to learn from one another especially when we are talking about this population. In the hearing last week, Mr. Riles, from California, said, "Let's not forget the schools are effective in serving 85 percent of the kids." Well, nobody argues with that.

I think, though, that CETA prime sponsors have been concentrating on kids who typically fall under that 15 percent, the ones who have a difficult time in schools. I think some of the prime sponsors and the CBO's they work with have developed some fairly effective mechanisms for dealing with that population. They specialize with those kids so it is natural that we would expect some innovative ideas.

My point is, I think schools and prime sponsors can learn something from one another and that is why collaboration is good. I think the kids are going to benefit from it. Collaboration is possible. There is plenty of evidence to document that. I think the most important priority should be to get a minimum level of collaboration across the board to the extent possible. As long as we are taking care of that then we can start worrying about trying to get some innovative programs and perhaps trying ideas that the administration is proposing.

We need the incentive and the mechanism for collaboration. We need the climate to permit it.

One other thing, and I think this is important and we may lose sight of it in all the debate, and that is how far we have come in the last 2 years. There is an impressive concensus among social scientists and practitioners and educators, manpower administrators, policymakers, that youth fund employment is not simply an isolated problem.

Many of the causes, and some of the solutions, lie in the school system as well. I would hope that we at least are able to sustain the progress that we started under YEDPA.

That concludes my statement.

Mr. HAWKINS. May I ask you, with respect to the evaluation of the program, were you involved with the evaluation of any of the other programs other than the 22-percent set-aside?

Mr. WURZBURG. We were involved in evaluating the implementation of the youth employment and training program and the youth community conservation and improvement project, the formula funded prime sponsor operation. We did not look at entitlements and we did not look at the discretionary program.

Mr. Hawkins. What evaluation, if any, have you done with respect to the other programs? Have these been completed? Which ones are in the process of being completed?

Mr. Wurzburg. I guess Bob Tagger would be the best one to answer that. He has an enormous booklet of all the evaluation activities that are going on. With regard to impact studies, I think that there is very little available. The nature of impact studies is that you are waiting for people to go through the programs and you want to followup. There is very little available there yet.

I guess one thing that I have been concerned about with entitlement is that implementation takes a long time. One of the unfortunate things about entitlement is that it is in the process of winding down now. My sense is that in many areas it is winding down just as things are falling into place and it is becoming fine tuned. I am sure Mr. Penn can talk much more about that. Again, maybe I am completely wrong but that is my sense.

I know it took a long time for even the formula funded programs to get into place. I think it is unfortunate that so many of the impact studies on entitlement, virtually all of the impact studies on entitlement, are based on youths going through the program in a period when the program was still in the process of being implemented.

What I am afraid of is that we are not going to be getting a sense of the impact of the whole entitlement concept, but we are going to be getting a sense of the impact of a partially impacted entitlement effect and poor implementation in certain respects.

Mr. Hawkins. Do you feel that there is a justification for dropping the entitlement program, as the administration proposes to do?

Mr. Wurzburg. If you are a purist and say that these are demonstration programs and are only temporary, and temporary is only 2 or 3 years, then I guess there is justification in that. I do not think there is much justification. As I said, I do not think we have given entitlement a very good chance. Just speaking as a researcher, as a scientist, I do not think we have given it an adequate chance and I do not think it ought to be dropped now.

It is being phased out, and that is their decision. I think it is a mistake, personally, because I do not think we can get really trustworthy results on the impact based on the short period of time.

Mr. Hawkins. Let me rephrase the question. Do you believe, then, that it is better to leave the statute pretty much as it is now and attempt to sustain the progress that has been made rather than to completely redesign the system at this particular time?

Mr. Wurzburg. I prefer seeing everything left the way it is with some modifications. I think there could be some consolidation, some simplification of the grant application process, but I would rather see things stay largely the way they are.

I think a poorly designed program or one that is lacking in sophistication, if it is given time at the local level to take root, I think that can have more effect than a very beautifully designed program that is changed every 2 years.

Mr. Hawkins. Are there any further questions from the members?

[No response.]

Mr. Hawkins. If not, Mr. Wurzburg and Dr. Smith, we want to thank you for your testimony before the committee this morning.

The next witness is Marion Pines, administrator, Baltimore Metropolitan Manpower Consortium. Is Ms. Pines in the audience?

Ms. Pines, we welcome you again before this committee. Your prepared statement will be entered in the record at this point. You may proceed with it as you so desire.

[Prepared statement of Marion Pines follows:]

PREPARED STATEMENT OF MARION W. PINES, ADMINISTRATOR, BALTIMORE METROPOLITAN MANPOWER CONSORTIUM

Mr. Chairman, Members of the House Committee on Education and Labor, I am Marion Pines, Administrator for the Baltimore Metropolitan Manpower Consortium. I thank you for this opportunity to speak before you today concerning our experiences in trying to cope with the problems of youth unemployment.

Baltimore's Mayor Schaefer has asked me to tell you that the innovative programs we have developed, all the imaginative things we're doing to keep kids in school, or help them finish their education so they can get a job, these are all made possible with funds we get from the federal government, and for this—we are extremely grateful.

The Youth Incentive Entitelement Program in particular has been one of the greatest things that's ever happened to our city. Not only did it help us to put large numbers of minority youth to work, it also has given us the resources to develop a truly comprehensive approach to serving youth, a way to give our young people the right kind of help at the right time. And that is important, because so many times you see a program that doesn't really fit a youngster's needs, but he's enrolled in the program because it was the only resource available. In Baltimore, we were fortunate because we had started to build innovative youth program components as early as 1974 when we launched the Harbor City Learning Center.

With the motto, The City Is The Classroom, this fledgling effort was targeted to the increasing number of dropouts who left Baltimore City schools each year. What was most extraordinary about Harbor City Learning was that it was a joint effort of the school system and the manpower office. For the first time, our school system acknowledged that an alternative education curriculum was needed to meet the employment needs of dropouts. The result was an innovative approach that combined an occupational-oriented education curriculum with job-related paid work experiences. Former dropouts who failed in the traditional classroom suddenly found that there was an academic environment that was different, that permitted them to get paid to explore some career options, while working toward a high school diploma. It sounds like a very sensible and basic idea —and we still believe in it—but working out the details and building public school system acceptance and recognition is a long, and sometimes rocky road.

Even as Harbor City Learning grew more successful, it became apparent that not all dropouts had the same needs. It may come as a shock to you, as it did to us, but 40 percent of the dropouts we serve are functionally illiterate, reading below the 5th grade level—unable to read even the job want ads. Even the innovation curriculum at Harbor City Learning couldn't offer them the individualized attention they desperately needed.

So we set about designing another program component—Baltimore PREP. In 1976, we combined CETA and LEAA funds to initiate the PREP program where basic individualized literacy training could help these low- and non-readers improve their skills to the point where Harbor City Learnng would be a viable resource for them. In essence, Baltimore PREP was, and still is, a preparatory school to help the most educationally disadvantaged youth get back on the track toward a high school diploma and a job. The one thing Harbor City Learning and Baltimore PREP couldn't do was stem the tide of youth who continued to drop out of school. Each year, more than 8,000 youth graduate from Baltimore City schools, and each year, an equal number drop out before graduation. Obviously, our efforts to effectively deal with the training and education needs of our youth were falling short. The demand for a wide range of educational alternatives linked with job experiences that developed work skills far outstripped the supply. Until Baltimore received the largest youth employment grant ever awarded to an American city, the Youth Incentive Entitlement Program, we simply lacked the scale of resources to build on the Harbor City/Baltimore PREP experience or to enhance the CETA/education linkage. What grew out of the Entitlement was a comprehensive sequentially designed delivery system for youth, one which could meet the needs of large numbers of disadvantaged youth, whatever their functional level. The Entitlement, more than any other single factor, helped to foster an explosion in growth of CETA/education linkages. Seven alternative education models emerged, including 5 PREP programs for the non-reader dropout, 5 Harbor City Learning occupational clusters combining career exploration with alternative education, evening hour utilization of voc-ed faclities, and a middle college for dropouts who had a good grasp of the academic skills but lacked a diploma. You're going to hear a bit more about two of these programs from the people who operate them, but one of the most important lessons we've learned from the Entitlement is that a job alone is insufficient if our objective is to move former dropouts into increasingly sophisticated job markets. A range of educatonal alternatives must be available to give unemployed youth the basic math, reading, and language skills that employers demand.

This experience with returning dropouts, who make up almost 20% of the more than 16,000 youth who participate to date in the Entitlement, underscores the importance of the CETA/education linkage. What we've learned is that it's absolutely essential for public schools to institutionalize alternative education curricula. The schools themselves have begun to see that they have an important stake in solving teenage unemployment, but their job is only made more difficult if alternative education lacks the same prestige as traditional classroom instruction.

But even where alternative education isn't available within the school system, our Entitlement experience demonstrated that a guaranteed job was enough of an incentive for young people to stay in school. Not only have they stayed, but in the 12 secondary schools which have the highest Entitlement enrollment, these youngsters had a 5 percent higher rate of attendance than the general school population. Furthermore, of the Entitlement youth who were most marginally attached to an educational program—potential dropouts with more than 60 school absences—40 percent increased their school attendance by 10 percent or more. Almost three-forths of the youth who had been identified as potential dropouts remained in school this year in order to keep a guaranteed job.

Regardless of whether the youth are in-school or have dropped out, we've also learned that special support and enrichment services have proven to be a significant factor in their academic success and potential employability. For the youngster who at age 16 is already a mother or a father—and more than one-third of our kids are in this situation—the thought of completing an education and holding down a job may be too much to cope with. Being a parent, a student, and an employee all at the time is more than most adults can handle. Our Parent Infant Center, which you'll hear more about later, mixes parenting education along with childcare, and gives young mothers and fathers the ability to meet the responsibilities of a job and school, as well as learn how to be better parents. Job search workshops that teach teenagers how to find and keep jobs; counseling for young people having difficulty on their first job; and special services for handicapped youth who must face an added employment barrier are all legitimate and requisite support services that have proven to be critical for the participants in the Entitlement program.

Perhaps the greatest realization to come out of Baltimore's experience with the Entitlement program is that a successful production requires many diverse actors, and like real actors, they need time to study their roles and learn their parts, especially since these are often new roles. CETA's relationship with the school system, community-based organizations, and the private sector is really still in the rehearsal stage. In the Entitlement production, it's frustrating to look ahead to September, 1980, and realize that a production of this scale may be shut down before the 1st act is over. And if that happens, the talents of actors whose performance is so critical to solving youth unemployment will have been wasted.

The private sector is just beginning to gain confidence in youth employment initiatives like the Entitlement. The business community knows that their future growth, in fact the economic development of the entire community, hinges on their ability to tap a skilled workforce. And they are now learning that they have as much at stake as anyone in solving youth unemployment.

The foreshortening of our own learning experience is equally tragic. As I've Entitlement makes its impending demise all the more tragic. Just when private employers are beginning to see that the federal government has a consistent policy toward youth employment, the rug is being pulled out from under them.

Tax credits melt away, subsidies for hiring youth disappear, and the private employer sees not only less credibility, but also a lack of stability.

The foreshortening of our own learning experience is equally tragic. As I've described it for you, much of our youth delivery system owes its development, refinement, and effectiveness to the innovation encouraged by the Entitlement experiment. A major question answered by this demonstration project is whether or not a program of such massive scale could be effectively administered. I think Baltimore has proved that scale is no barrier to effective youth service delivery, so why must we dismantle this effective delivery system—when minority youth unemployment rates are still soaring?

Unless Congressional action is taken now, the Entitlement experiment will end just as we're learning what works and what doesn't. What we need is not a national prescription, but a program like the Entitlement that gives us the local flexibility to build an effective youth employment system.

Baltimore has developed more innovative approaches and encouraged more institutional change in two years under the Entitlement than we ever thought possible as we struggled with the problem in the first four years of CETA.

If you take away those federal dollars, we're left with lots of initiative, but no means, and a big problem. I urge you to keep the Entitlement alive, especially in cities like Baltimore, where it's working. Ending the experiment now, as we're learning new ways to move youth into the labor market of the 80's, is not only a step backward, it also forces this nation's youth to bear the burden of our haste.

WE MUST CONTINUE TO LEARN

Perhaps the best way to understand Baltimore's experiences in coping with the problems of youth unemployment is by listening to the people who must deal with these problems every day. With that in mind, I have brought two people with be today who will share with you their firsthand knowledge. Mr. Avon Bellamy, former Director of Baltimore PREP Program and at present the Senior Coordinator for CETA Youth Programs Supportive Services, and Ms. Mildred Forehand, Vice Principal for Administration at Harbor City Learning, both bring with them years of experience in working with unemployed youth; particularly former dropouts.

I would now like to ask Mr. Bellamy to share his experiences with you. After he and Mrs. Forehand have finished, we will answer any questions you may have. Thank you.

MARION PINES, DIRECTOR, MAYOR'S OFFICE OF MANPOWER, CITY OF BALTIMORE

Ms. PINES. Thank you, Mr. Chairman. With your permission, I think I would rather let my statement stand for the record and perhaps highlight a few points. I have asked two of the very successful practitioners of some of our programs to come along with us today and share with you some of their direct experiences with youth. I thought perhaps their perceptions would be of even greater value to the committee than mine as a bureaucrat.

Mr. HAWKINS. Would you simply identify them?

Ms. PINES. Yes. This is Mr. Avon Bellamy and Mrs. Mildred Forehand, and I will introduce them to you a little bit later.

I came in just at the end of Mr. Wurzburg's testimony and heard him from the back of the room talking a little bit about entitlement. I would like to share with the committee a little bit of our experiences running what is probably the largest guaranteed jobs program in the country. We were, in Baltimore, the recipients of the largest youth incentive entitlement grant ever awarded to an American city. The first year it was for almost $25 million. Over the past 2½ years we have received close to $50 million for administering a program of this size. So I would hope that some of our experiences might be of interest and of value to the committee.

I think some of the things we have learned, first of all, in dealing with this very large number of youths, is that we have recognized that there is no one monolithic program design that works. Kids, even if they are dropouts, even if we restrict the group that we are serving to 16 to 19 years old, even if we restrict to very strict, economic, socioeconomic criteria, are still all over the place in terms of their functional levels.

We are finding that almost 40 percent of the 16- to 19-year-olds cannot read at all or are functioning below the fifth grade level. This was an appalling revelation to us. I do not know whether we were naive, whether we had our heads in the sand, or whatever, but we certainly did not anticipate this large number of functionally illiterate youngsters, and this is what we are finding in Baltimore. We have recognized that even though we had a head start in Baltimore in designing a lot of innovative program components, we had to expand greatly our own initiatives and the limits of our own imaginations.

I think that this committee is familiar already with our Harbor City Learning Center. This is a concept that we devised back in 1973, 1974, in recognition that we had a lot of dropouts coming out of the public school system in Baltimore, almost as many dropouts as we had graduates. We have about 8,000 graduates a year and we have about 8,000 dropouts a year. We recognized that we needed some kind of program design that would hopefully stem the tide, so we started devising this alternative education program. We contracted it to the Baltimore City public schools in the hope that we could begin to institutionalize their recognition of the need to deal with alternate forms of education for certain kinds of kids.

Our curriculum has, as you probably know, I have testified on it before, a heavy occupational flavor, so that kids who are, for example, in the health cluster in Harbor City Learning learn their reading, with vocabulary words which have a health orientation, their math has a health orientation, their history, their science, everything is related in some way to that occupational cluster. They also spend 2 weeks in a work experience program, in a community hospital or in a community health program so that the academics and the work experience program are mutually reinforcing, all in the hope that kids will begin to understand the elements of their educational experience.

We designed that program for kids who were probably between the fifth and eighth grade reading level. When entitlement came, we recognized that we had kids that would not even begin to make it in Harbor City Learning, so we started designing, with the help of some LEAA funds and some CETA funds, what we call the Baltimore prep program. Mr. Bellamy ran the first one and he can share some of his experiences with us. These are kids who were absolutely disfunctional, could not read. They were 16 to 19 and we found they needed almost a one on one kind of an experience. These are not kids who cannot learn. These are not mentally retarded youngsters. These are kids who can learn, who did learn, and who benefited greatly from this kind of an educational experience.

If we could generalize from our experience in Baltimore across the country, there must be a vast waste heap of youngsters who have been discarded by the public school system and for whom there is simply no alternative strategy, but we feel that there is a great human potential here that can be developed and in fact become productive. So I think that entitlement gave us the opportunity to take these different experimental program components that we had been working with for a couple of years, like prep and like Harbor City Learning, and really mount it into a comprehensive sequential kind of youth delivery system so that for the first time a youngster who cannot function can go into the prep program, when he gets up to at least fifth grade he can transfer into Harbor City Learning.

From Harbor City Learning we have a program called the Middle College where youngsters can move on and get more advanced degrees. So we have devised at least seven different kinds of alternative programs for kids who could not make it in the traditional school system.

I have talked about alternative education, and I have mentioned useful kinds of productive work experiences. What I have not mentioned is the other things that we have learned, which is that we have to have a wide range of supportive services for the youngsters. I said 40 percent cannot read. Also, a third have kids of their own, that is 16- to 19-year-olds who are parents. I submit, it is hard enough for adults to be a jobholder, a student and a parent all at the same time. But for 16- to 19-year-olds, this is almost more than they can cope with. One or the other or everything suffers in terms of their ability to function in society.

We have created parent infant centers connected with our alternative education programs so that youngsters that are enrolled in these programs do not have the worry and the concern that their own children are not being properly cared for. These are not day care centers. These are really parent/infant education centers where the babies, and I say babies because they are 1 to 4, are getting a good early childhood program and the students who are in our programs must attend those parent education centers to learn those parenting skills themselves. So we hope that we are not continuing in the cycle of poor education and poor parenting.

We find, and I know you are hearing a lot of testimony about the new thing we have all discovered called job search skills, because it is one thing to train for a job and it is another to know how to get one. There are a whole set of skills that we all need to know. For example, how to get a job, how to apply for it, and what are the mechanisms that some of us almost take for granted and know instinctively that a lot of people do not know. So we are doing a lot of teaching of job search skills for these kids.

Entitlement in the first year was strictly work and education. The entitlement programs themselves recognized that they were going to need enrichment programs. The second year enrichment funds came to every entitlement center in order to begin to expand and build on some of these things such as parent/infant centers and special services to handicapped kids and job search skills, recognizing that we have to turn out a totally finished product.

I think the other thing we have learned in entitlement that is important to the committee is that none of us can do this job alone, not the prime sponsor, not the school, not the private sector, not CBO's, but certainly each segment of our society has a very significant role to play and has an entitlement.

As you know, we cracked the private sector in entitlement by doing what many people thought was absolutely outrageous but which I am glad to see is contained in many of the pieces of legislation drafted by members of this subcommittee. This is to allow subsidies for the private sector. That is not a shocking, appalling thing to do. I commend you for expanding on this concept.

These kids are not very productive youngsters going in the front door. They certainly can become productive and employers have found that out. But we have been able to do this by keeping these kids on our payroll and stationing them in some cases to the private sector. We have opened doors that would never have been opened to them. We have opened employers' eyes that never would have been opened. On both sides it has been a voyage of discovery and it has been a very happy one for the most part. We have about 1,000 youngsters in Baltimore out stationed in the private sector, about 350 participating employers from small ma and pa kinds of outfits to Commercial Credit, Western Electric, and major corporations in our area.

In almost every case it has been a learning experience for the employer. They have had to devise training programs. It is no bonanza to an employer to say, "Here are five kids who are barely literate, who are dropouts from school and who are going to work for you 15 or 20 hours a week, so please adjust your schedules to conform to their school schedules." It has required an awful lot of giving on the part of employers. It is no great reward we are giving them by paying the salary. In fact, I think they are giving a great deal to these youngsters by giving them the opportunity to learn and to train in the real work environment, that try as we may we cannot simulate in the public sector. So it has been a very positive thing and one we hope would be encouraged completely in continued youth legislation.

I have said that we recognize that everybody has roles to play. The other thing we have learned in entitlement is that it sure does take time to build those bridges. It is one thing for you all to pass laws, another thing for the Department of Labor to write regs, another thing for us to get the funding and then we implement the program, but we just do not bring about those changes overnight in public school systems, in the attitude of private employers, in the attitude of organized labor and CBO's. It takes us all time to gear up to a new way of doing things.

It takes some institutions a few months. Believe me, it takes some institutions several years. Do not abandon the effort because these linkages and these wonderful collaborative efforts that we all know are so important does not happen overnight. It is happening. It is happening in terms of the private sector. It is happening with school systems. It is happening with CBO's, but sometimes it is almost imperceptible progress because it happens very slowly. But if we yank the run out and say, "We have not seen fast enough progress, therefore let's abandon it," I think we will have given up something very, very valuable because the message then that we will be giving out to the public is that we are very unstable in our program designs.

We try something for a year or two, we cannot see anything dramatic, so we pull that out and start something else for a year or two. I submit to you that that only discourages the kind of collaborative networks that we are trying to build.

More than anything else, these institutions are looking for some stable commitment to change. They are willing to work with us along those lines, but it is not going to happen overnight. By overnight, I mean it does not even happen in a year or two, but we are making very steady progress along that line. So I would urge you, in closing my official remarks to you, as informal as they are, not to dismantle the efforts that have been put in place. Considerable effort has gone on around the country to really design new kinds of initiatives for youngsters, to involve a multiple of actors who have never been involved before, to build the administrative machinery it takes to make something like this.

Let me just say a word about that. I think there was some concern when entitlement was first proposed, and there might even be some concern in some of the bills that are proposed in the subcommittee, about expanding entitlement. Can it be administered? Is it too massive an administrative problem to run a guaranteed jobs program for thousands of youngsters? I would say to you that we are older and wiser for having done it but it can be done. We did it very quickly. I think we did it too quickly. I think that we expected we could get the grant in 1 month and have it up and running and 7,000 kids on board a month later. Now, we were overly ambitious. It took us about 2 or 3 months but it can be done.

Do not underestimate the boring logistical details that have to be done like renting facilities and hooking up telephones and getting desks and all the things that nobody thinks about before you can get staff on board who are going to be lining up work sites and recruiting kids. Those are very boring details that nobody leaves room for in any legislative initiatives. They all take time. It is certainly rolling smoothly in Baltimore and we are running at the rate of 6,000 or 7,000 kids continually enrolled in the entitlement program.

That is the end of what I officially want to say to you. I would like to have Mr. Bellamy and Mrs. Forehand share some of their perceptions of their actual online experiences with you and then we would all be pleased to answer your questions. Mr. Bellamy.

Mr. **Bellamy**. My name is Avon Bellamy. I am pleased to be here Mr. Chairman, and members of the committee. I think I should preface anything I say by giving just a bit of my own background. I started out myself as a troubled youth, went to the gamut of getting into a lot of trouble and paying for that and coming to some understanding of my own.

I have been working with other troubled youth now for about 16 years. I have worked on the development of what is now the national model for youth diversion programs. I developed the literacy training model that is now in use in Baltimore as the Baltimore Prep program, and thanks to entitlement there are four other programs plus that. I have acted as a consultant to the National Association of Home Builders in the training of their personnel, for Job Corps, for Baltimore City public schools in the training of the people that they use in the gifted and talented program. I am an advisory member of the State of Maryland's Board on Parole, Probation and Corrections.

I can say that never in my experience in the 8 years that I have been working with youngsters have I seen any group of youngsters as troubled as these youngsters that we are dealing with today. I think that is contributable to many reasons, only a few of which I want to identify here and hopefully provide the backdrop against which we can see what happens with program administrators and what they have to contend with. Some of that is brought on by what I just consider to be a general deterioration of what happens in families nowadays.

The family as a unit at one time was supposed to teach values or at least clarify them and to set some standard for morality, et cetera, and that is not happening much now. It is particularly not happening in what we consider to be the economically disadvantaged areas. There are a lot of these youngsters who, because of their experience with institutions, et cetera, take a very hard line that no institution has anything to offer them. For that reason they have turned to members in their peer group for whatever kind of validations that youngsters normally would get from institutions or from their own home life.

The other thing is that there is kind of a cultishness about this period. I think that technology may have added to this. Television has become the No. 1 baby sitter and value teacher to our youngsters and there are a lot of things on TV I do not think kids should be into. The result is they have become kind of a creation of a counterculture where literacy is absolutely normal now. Marian mentioned the figures that 40 percent of the kids that we deal with are reading between zero and fifth grade. It does not trouble them. They are not concerned about it. It is accepted. Deviancy is accepted. As a matter of fact, deviate behavior is some kind of way of obtaining a hero status among these young people.

In addition to that there is a lack of positive images in the communities that these young people come out of. When you tell a youngster that education will give him something, of course, he wants to look around and see that that is true. When he looks around, you do not look at economically disadvantaged neighborhoods and find lawyers who live there, you do not find doctors who live there, they may work there but they live someplace else. What happens is that what a youngster starts to relate to as a positive image is turned over to the gangster element, the pimps, the hustlers, et cetera, because they can see them. They do not leave the community, and it is also a way of saying, "You can make it without an education," because they see these guys with the finest of apparel and good looking cars, et cetera, and all of the implements that go along with success. They do it in a way that says that crime does pay. So you have to deal with that as an attitude.

Then these youngsters because of their being ill equipped to deal with what new technology has occurred, and I dare say that the people in this room cannot deal with the new technology. It has developed so quickly now that what you look at today as being absolute fact will be myth in 6 weeks. That is how fast things are moving now. In the reference of all of that is a great deal of confusion and that confusion is exactly what is affecting these youngsters.

So what you get on the first day of any program activity is a youngster with all of these things going on inside of him and he may not be interested in an education. He may be interested in a job, but even after he gets it, all of the things that he has learned as an individual do not help him keep that job. So one of the things that we have done in Baltimore is we have set up the assessment center. Again I have to thank entitlement funds for doing that because if those funds were not there we could not have an assessment center.

Marian spoke about building a bridge. This is what we are attempting to do in that assessment center: build a bridge between the world of work and education and the world these youngsters come through which deals with street life. What we have done there is tried to do some educational assessment, job assessment to try to get a fix on what kind of interest these kids have, what kind of attitudes they have about work, and then go into a behavioral program, to help these youngsters come to some understanding of what is real rather than what they perceive as real. There is a great disparity between what they perceive as real and what is actually happening.

I take with a lot more validity the things that I hear that have not been solicited and that people do not know that I am overhearing. For example a young man that was just graduating said, "I never thought that I could accomplish anything until I came to this center and got this piece of paper and now I know I can." He was saying this to another person. He was not saying it to me. I just happened to overhear that.

I brought along with me some letters that come from employers and program operators which are essentially saying that the efforts being done or being attempted in the assessment center are working. Now I will not tell you that every one of these letters says, "Yes, we found a panacea for you and all of these guys coming out of the assessment center are great." That is not what these say. Some of them say that and others do not, but overwhelmingly they are saying that they can see a change in the youngsters that are coming through the program now.

The other thing that was mentioned here was the literacy training programs. Many of these kids are extremely intelligent but they do not have the skills. They think they are going to leapfrog magically from being a third grade reader to being a graduate of a GED program. That is not going to happen and we try to get them to understand that and to understand also that there is going to be a great deal of work involved before it does happen.

Going to the literacy training program is the first stage. It is not like going to a special class in regular public school where a kid might sit in a special class and never get out. These kids know that when they get into the literacy training program, if they really work at it they are going to be able to move on to one of the programs that Mrs. Forehand will talk about a little later in the Harbor City Learning Center or the Middle College. They know that that is going to happen and they know that it is directly related to how much effort they are going to put into it.

I have watched kids in a year gain 6 years in reading. One young lady did that and is now working for the city in the Bureau of Purchases after coming through the literacy training program. Another young man who had spent almost his entire life in school in the special education program is now self-employed in business, after leaving the Baltimore prep program to go to work for a box manufacturer, he saved good parts of his salary, and banked it for about a 2½-year period. Then he bought three sewing machines, hired two other people and is now in the business of altering other people's clothes. I know that never would have happened if he had remained in the street culture or had not come to some program like this.

Things like that make me convinced that it is worthwhile to have these moneys coming to these kids and after dealing with these kids, I know if something like that did not happen the penitentiaries would be filled up. One way or another you are going to pay for the kids in the penitentiaries or the mental institutions or put some money up front and try to cut that off. I do not think there are enough preventive measures taken with many of these youngsters and I can tell you that sometimes it boils down to showing them that you give a damn, and that can be all the difference.

I thank you.

Mr. Hawkins. Thank you, Mr. Bellamy.

Ms. Pines. Mrs. Forehand comes from another discipline. She is a nontraditional. She is a member of the Baltimore City public school staff. She is the vice principal for administration for Harbor City learning and I think she has some interesting perceptions coming as a trained educator in an alternative program. I would like her to share some of her thoughts with you.

Mrs. Forehand. Thank you. Mr. Chairman and members of the committee, I thank you for the opportunity to appear before you and, Ms. Pines, for the privilege of talking about Harbor City; I thank you. My many years of working with young people included work as a recreation leader, probation officer, teacher, director of diagnostic services and director of child care services.

So I have not always been a traditional teacher. Even in my role as teacher I think the youngsters with serious problems have found me, or perhaps it was I who found them, but at any rate we worked on a number of different problems. I think I know something about the youngsters and I would like to speak to you from the youngster's point of view.

The problems that are evident in our young people for dropping out of school in the first place run the gamut, from poor grades, lack of skills, to medical needs and financial needs, and any one of those needs singularly could cause an individual to lose the will to survive.

The complexity of any combination of those needs often caused them to drop out of school.

I made a little informal survey of about 97 students at Harbor City recently and I have faith that they were honest with me. They replied to my question, "What was your main reason for dropping out of school?" The same things, poor grades, financial problems, pregnancy and lack of child care. They said, "I do not know, I was tired, I was bored," but the great majority of them had one common thread and that thread was, "I needed a job."

Whether that need for a job was for financial reasons or whether it was for self-import or self-image, it was there. "I needed a job." One person said, "I was not making the grade and I needed money." Another, "I had a child and needed a job. I was not learning and I wanted to work. My family and I needed money and I had to work. I had a baby and I thought it was my place to support it, but I could not support it because I could not get a decent job without a decent education."

Thanks to CETA, the prime sponsors, and the Department of Education, and their cooperative venture, places like Harbor City can exist, so that these young people can meet the need for a decent job and a decent education.

It is the respect that goes with working that gives the youngster the motivation to want to learn. The financial need is there, yes, but there is even a greater need. "I need to be important, I need to be productive," and in all of these youngsters that are talking to us this comes out, "make me know that I am somebody." At Harbor City we stress responsibility. We say, "Yes, you have rights but you also have responsibilities."

The youngsters react to that. They give the kind of work, the kind of loyalty, the kind of dedication, if you like, which shows that they realize this. There was one young lady who wanted to come with us today, but there was a death in the family and her sense of responsibility made her stay with that family. She needed to be there.

I want to read to you something that she said about what Harbor City means to her. This is a summary of the 96 other students. She says, "At Harbor City Learning the program means a lot to me. It means that I can pick up the pieces of life and move on. I made a big mistake in life. I know that Harbor City will help me with a job and with my education. It means help to me. It means giving me the things I need to face my responsibilities and make my children proud of me some day.

Another youngster says, "Harbor City is one of the last alternatives for a lot of people, people like me." Someone else said, "I can reach my goal by the experiences that Harbor City gives me." And another young man says, "Were it not for Harbor City, who knows where my life would be. I might be incarcerated again or even dead."

I think you will agree with me that, at least to these young people, Harbor City means moving in the right direction. I am hopeful that you will share my faith that they will show this world and society that they appreciate and respect the opportunities that they have been given.

I thank you again and I would welcome any questions.

Mr. Hawkins. Thank you, Ms. Pines, and your associates. Mr. Weiss?

Mr. Weiss. Thank you, Mr. Chairman. Ms. Pines, have you had occasion to try to compare what your operations would be like, what changes you would have to make, if the administration's proposal were to substitute for the programs that are in place now?

Ms. Pines. As I understand the administration proposal, and I have not had a chance to go through the latest draft of it again, I read about 36 drafts.

Mr. Weiss. It is not just your problem. [General laughter.]

Mr. Pines. I think I need a new prescription for my glasses. The entitlement program, per se, is abandoned and there is something to be replaced there called "equal chance." I am not quite sure what the transition would be from entitlement to equal chance.

In our case it would be an enormous dislocation if we had to dismantle this machinery that was so painfully built and totally turn it into something else of an entirely different scale. The other major problem is the uncertainty of what would happen to the 7,000 youngsters who are presently enrolled, and 400 staff who are wondering if their jobs are ending in August. So this instability is very unsettling in our cities. That is a great concern to us.

We have not yet learned everything we need to learn from the entitlement program. We are at the threshold of learning a great deal more, and it would seem to me an awful waste of the money we have currently invested in that program to start a dismantling at this point. So I think we need a clear signal soon on where we are going with that concept because everyone is beginning to get very upset and nervous about it now in March.

We are beginning even now to see in Baltimore, some of our research is showing, some decline in dropout rates among entitlement youth. We are looking at the heavily impacted schools, comparing their dropout rates 3 years before entitlement, and now we are seeing a decline, not huge but about a 5-percent decline in dropout rates. We are seeing an increase in attendance from even marginal kids, kids who have as much as 60 absences a year. We are seeing now an increase in their attendance in school because they know unless they maintain a certain attendance rate they are going to be dropped. I think this is just beginning to take hold.

I indicated in my testimony that these things take time. The street culture has a very strong hold and our counterculture, if you will, has to be real, and seem permanent, and seem like a reliable alternative to change kid's behavior patterns. So we would be extremely concerned if all these positive things that we see happening would have to be dismantled. I think that that is our major concern with the administration proposal.

I do feel that incentives do help build institutional bridges. I do not think they guarantee a thing. I do not think a mandated amount of money to spend with one institution or another is necessarily something that is positive. But I think that it helps to sweeten the pie, whether it helps by giving a subsidy to the private sector, or it helps to encourage putting some money with CBO's or with traditional schools, I am not unalterably opposed to incentives. I think that is a fact of life and we are asking people to step out of their normal way of doing business. If they get 10 percent more money in their budgets, terrific. I have no problem with that.

I would like to see a consolidation of the programs. I think we are being eaten up with reporting activities. I think that some of that could be done administratively. I am not sure that we need a full new legislative initiative for easing some of the administrative burdens on multiple reporting, on multiple program activities.

Mr. WEISS. In the course of your opening statement you had indicated that you felt that nobody can really do the job alone and that only if everybody works together is there any chance at all of making it work and making some kind of gain in the situation. My understanding is that currently, in essence, you make the judgment as to whether you have an alternative educational institution where you contract with the schools to bring them in, or whether you deal with the private sector, or you try to create some of your own training programs. As you read what the administration is proposing, do you see a shifting away from flexibility? Is that a concern?

Ms. **Pines**. Yes, it is a concern. I say there is a shifting because there is another pipeline of funding coming down specifically through the educational system. I recognize the political need rather than the practical need for something of that nature.

Mr. **Weiss**. I am not sure what you mean by that. Do you want to expand on that a little bit?

Ms. **Pines**. No, not particularly. I would attach a caveat to the money if it were to come down through the educational pipeline. Perhaps Mrs. Forehand can even speak to that. I would want to see a real commitment from school systems to institutionalizing alternative education and giving it the kind of prestige and career upward mobility ladders for the staff associated with alternative programs that it does not now currently enjoy. I think that when Mrs. Forehand took the job at Harbor City Learning, her associates told her that she was crazy for going into a dead end career road. There is no prestige within traditional education for teachers or administrators that are committing themselves to these alternative designs.

I would hope that if funds are to come down through the educational pipeline that we try to institutionalize the role of alternative designs, the commitment to serving these kids within the heirachy of public education so that it has exactly the kind of prestige and upward mobility for its staff and recognition of the worth of the job that traditional curriculums has. Without it I am afraid it is not going to happen. We are not going to get the kind of teachers we need; we are not going to get the commitment or resources we need unless it is seen as a really important and identifiable activity within the public school system.

Mr. **Weiss**. Is the position that you have espoused or the concerns about where we seem to be going, is that shared generally to the best of your knowledge by people who have been working with the programs for the last couple of years? Is yours a unique position? How would you characterize it?

Ms. **Pines**. That is difficult for me to characterize, Mr. Weiss. I really do not know. I think that there is a general sense that traditional schools have not done the job and they are going to need a lot of needling to begin to do the job, not because they do not care but because each institution has its own agenda. They have a very large charge in this country. They have a great universe of kids to educate. If some of these kids are just kind of cast aside, well, there is still that great universe of kids that are being educated. I am not faulting them, I am just concerned with these kids that are shunted aside and I think that they have to get equal focus. I think if we are going to fund through educational systems we have to make sure there is that kind of equal focus.

Whether my opinion is widely shared or not, I do not know. I do not know if Mr. Shanker would widely share it either.

Mr. **Weiss**. I do not expect you to talk for the educational establishment. I mean people who hold positions similar to yours.

Ms. **Pines**. Yes, I would think so. I think we also are concerned because we have seen community-based organizations do an excellent job in developing educational models. Unfortunately there are a lot of excellent teachers who have left the public school system because they, for one reason or another, are not getting the kind of fulfillment they need. We have been able to staff all of our prep programs with very fine, trained teachers who have left the public school system and are doing a marvelous, marvelous job. Our city superintendent of schools has been to visit the programs, and he commends us. I only wish I could do this with the public schools too, but I cannot have a 1-to-2 ratio. There is just no way my budget will allow me to do it. So without the kind of funds that we have we would not be able to do it either. It is a costly but we think a good investment.

Mr. **Weiss**. I assume that the city administration also supports or agrees with that position?

Ms. **Pines**. It could not be done without Mayor Schaefer's backing.

Mr. **Weiss**. I am speaking about the position that you had enunciated this morning: that position is shared?

Ms. **Pines**. Yes. Mayor Schaefer shares that, absolutely.

Mr. **Weiss**. Just one final question, if I may, Mr. Chairman. I think that the administration bill has been worked on quite intensively. I know that in preparation for the bill ultimately presented by the administration, there was great consultation across the country. And before they actually announced the bill, were you brought in or people like you across the country who were involved with the youth employment training? Did the administration say, "Here are some of the ideas that we have in mind, what do you think?" Or is your knowledge of it after the fact? How did that work out?

Ms. **Pines**. We certainly were involved with the development of those concepts. We hosted for the Vice President's task force one of the largest conferences called, "Workplaces and Classrooms." We hosted that conference in Baltimore at the end of September. It was primarily to get the educators on board and sympathetic to the idea of the needs of youth. Obviously it was a very successful conference because they got written into the bill in a very substantial way.

Mr. **Weiss**. I know that in fact there was that kind of outreach prior to putting pencil to paper. The question is, Once they had decided on a preliminary draft were you then, and people like you, brought in to say, "Here is our preliminary thinking, what is your reaction to it?"

Ms. **Pines**. Yes, we were involved. As I indicated, I read many, many drafts of the legislation and expressed concerns about certain things, certain things I think are very good. I certainly favor the consolidation of the programs. I like the idea of incentives and I like the idea if we could continue entitlement under equal chance with no problems of transition, I would not have a problem with that but I think there are going to be problems in transition.

I do have some problems with the large amounts of money going down the education pipeline. I would have less problems if I felt we could tie some strings to it in terms of a commitment to alternative educational models. Maybe, as it works through the legislative process, that might be possible.

Mr. **Weiss**. I think I have taken enough time. Thank you, Mr. Chairman.

Mr. Hawkins. Mr. Jeffords?

Mr. Jeffords. As you know, I have traveled around the country and I think the place that interested me the most was the one I first saw, which was in Baltimore.

Ms. Pines. Thank you. That is good to hear.

Mr. Jeffords. I would hope that we would try to model our own proposal after that. In fact, I had a feeling for awhile that all I had to do was say if people got together with the same kind of enthusiasm and cooperation and innovation as in Baltimore, it would be approved with expedition and it would be a whole bill. We had to do a little bit more than that to get some attention, but that is the way I feel about it.

Ms. Pines. Mr. Hawkins, you should know that when Mr. Jeffords came over, we could hardly drag him out of the classrooms. He became very involved with the kids.

Mr. Hawkins. I was beginning to think that I should have gone to Harbor City rather than to UCLA. [General laughter.]

Mr. Jeffords. I have good memories of some of the classes over there. The thing that struck me the most was the need to make education relevant, to make the kids feel that it was needed for their lives. They just did not seem to have any feeling of that in the school systems that what they were learning was really relevant to getting a job or to anything else. I was amazed at some of the innovative approaches that were being taken. I think one math teacher was teaching statistics by using dice because that was quite relevant to the kids after school activities and it worked pretty well. Those are the kinds of things in the computer system that I thought were fantastic.

I would just like to add that I hope that in the draft that we have put in, your program would not have to be remodeled in any substantial way. I wonder if you could comment on that aspect of it.

Ms. Pines. I would agree. I reread your draft on the train coming over this morning and I thought it would require a minimum of any kind of revisionary program. I was particularly interested in the completion voucher. I thought that was a very interesting concept. I would like to play around with how that would be implemented.

I guess the only thing that concerned me in your bill would be the 2,000-hour limit. My concern would be because so many of these kids are so disfunctional that a perimeter like saying 1,000 hours in any 1 year, may not be realistic. It is very hard to take a kid at second grade—well, some kids you can perform miracles with, as Avon said. They progress in enormous milestones, but for many kids they do not progress that rapidly. To take a kid at second grade and phase him out at the fourth grade level because we have used our 2,000-hour limit might be a disservice. So I would hope that there would be a little bit of flexibility on that end.

But I would say that that would be the only problem I have.

Mr. Jeffords. That is wonderful. What about the prestige? You were talking before about the prestige of the teachers? We try to approach that in title 3 of our bill. We try to do something to enhance the prestige of teachers who are willing to go into those services.

Ms. Pines. Yes, I thought that was a very creative approach too. I thought that was a very good idea. There is a great need to do that because these teachers are almost in the position of people who work for welfare clients. Welfare workers are those people over there who are throwing away their lives on "those" people and they do not quite have the kind of prestige in the community that people who are working with your gifted children do. Mildred wants to speak to that too.

Mrs. Forehand. When I came to Harbor City I really had not anticipated making the change at all. If you will pardon the personal mention, I had been accorded the highest honor that colleagues can bestow upon one. I was elected national chairperson of the chairs of all of the English departments in the country. It is a national office. After I was interviewed for Harbor City and I expressed to my colleagues that I was taking that job, one literally said to me, "Oh, my god, you are not going to throw away all of your time and your talents." That is about where the position stands, that you are considered throwing away your time and your talent.

My position is if time and talent are needed at any point at any place, it is with these youngsters. We have not given them the time, the talent, and the best that we could have given them. For that reason, in many instances, they are not turning out to be the productive adults that we want them to be.

There are not many people in the public schools who are able and willing to give 24 hours a day. I tell you it requires 24 hours a day.

Many times my husband has gotten up at 2 o'clock in the morning to say, "What are you doing?" And what I was doing was talking to some youngster who was in trouble. It is the kind of thing that is needed. I could not make many changes, even though I knew exactly what should have been done, and in talking with the youngsters I had taught over the past 30 years, longer than I care to remember, I had some effect, but when you are looking at 54 youngsters in one classroom with 54 different labels of troubles you are only able to do so much.

The one thing that is most attractive about Harbor City is the fact that you do have a decent ratio. You can reach out, and I think that this is true with any alternative program. The Baltimore City schools, as any other school system, are unable to provide a manageable class size. I think that if we really and truly are sincere about recognizing individual needs then we must also provide alternatives to meet those needs.

So getting back to your point about prestige, there is not very much involved with working in an alternative program but there is much satisfaction in that you know that it is possible for you to really make a difference and meet some needs. These youngsters are honest. They are the most honest people you want to meet. If they think you are not doing anything, they are glad to tell you that.

Mr. Bellamy. Overjoyed, as a matter of fact.

Mrs. Forehand. So it is not the prestige that keeps the teachers there or gets them there in the first place. It is the wanting to render a service, and so much can be done in terms of building prestige.

Mr. Jeffords. I have a couple of other questions. One thing that concerned me was how we reach those people that have already dropped out, the real dropouts. Is there any filtering down through the peer groups so that they say, "Hey, you ought to try this program." In other words, you talk about a decline in the dropout rate but have you seen any significant incline in the people that are coming back into the system who are the real dropouts?

Ms. Pines. First of all, the best form of outreach is word of mouth. There is nothing like the announcement of the entitlement program and that word just sort of filters. Did you know that I brought some visuals? Your question led right into it. We are a big city of signs and we just sort of did a little montage for you. We have a design in our public information office, a lot of very attractive signs that are just all over the city that are attractive to kids, where kids congregate, that are a very positive impact and the word of mouth begins to spread just from these kinds of visuals.

We also make the intake process relatively simple. It is centralized so it is not confusing. We do not give a list of 36 different directions where to go to find out about this program. You come to the Youth Enrollment Program Center. We tell them what kinds of materials they are going to need to bring with them and from there they are fanned out to other program activities. The kids do not have to shop all over town for which program activity is going to suit them. There is a central point of intake and that is well publicized.

We also deal through all the youth serving agencies, through recreation centers, through parole and probation offices to all juvenile serving agencies, through the schools themselves. We have been in business for such a long time that really the kids all know about us. The older brothers are telling the younger brothers because we are already into that. We started out recruiting for Job Corps 15 years ago and by now we have a very stable identification in the city.

Mr. Jeffords. One final question. One of the things that I am certainly looking for, and I know that the members of the committee are, is hopefully a decrease in the need for the alternative school. We would hope that the schools could learn from what went wrong and what should be corrected in order to eliminate the need for alternative schools. Have you seen any change in the educational philosophy or attitude of the regular system which might give us some optimism that perhaps eventually there will not be a need for alternative schools?

Ms. Pines. Mr. Jeffords, I just said I started out recruiting kids for Job Corps 15 years ago when the program first started. In those days we said:

> If Job Corps is really successful in 10 years it will not even be needed anymore because all the lessons we will have learned about all of the alternative ways—

And certainly in the Job Corps centers they are dealing with experimental forms of educations—

> Those lessons would have been translated back to the home communities and they will have been thoroughly internalized, they will have been absorbed as new ways of dealing with kids and presto-majo we will not need Job Corps anymore.

Well, here we are 15 years later and we are expanding Job Corps, we are doubling. Institutional change comes hard. That is why I would like to see if we are going to go to legislation putting money through the educational system that we in a sense mandated, because I think it is very slow to come otherwise.

Mr. Jeffords. You did not answer my question.

Ms. Pines. I did not see strong evidences of an embracing of this concept within the curriculum of the public school system.

Mr. Jeffords. In Baltimore?

Ms. **Pines**. Right, or nor what I can gather from my colleagues around the country.

Mr. **Jeffords**. I was hoping you would give us a little bit of optimism from Baltimore.

Ms. **Pines**. There is certainly a willingness to cooperate and to collaborate, and the public school system does run Harbor City under contract with our office. There was resistance even to that 6 years ago, feeling that we were putting lepers back into the school system. There is certainly not that sense anymore. There is a little bit of proprietary interest and pride in the program now. That has taken over, but I do not see the concept spreading beyond what is funded by our office. I think some of that just may be a shortage of resources and not a shortage of interest.

Mr. **Jeffords**. It just seems to me that it has to be an essential part at least, if not a goal, of any bill that this committee and the elementary and secondary education committee puts out, to try and work in that direction. Do you have any innovative ideas that you can suggest as to how we can do that?

Ms. **Pines**. Let me give it some thought and write you about that.

Mr. **Jeffords**. I would appreciate that very much. Thank you, Mr. Chairman.

Mr. **Hawkins**. Mr. Petri?

Mr. **Petri**. I appreciate your comments about judging the success of your program from the comments made not formally by the participants but to each other. Sometimes we have to make a decision on the same sort of informal testimony which usually presents the rosier side of things. I know it is bad to ask for figures exactly but do you have success ratios, or any idea of what percentage of the universe of kids you are serving? Are you doing the same things that the schools are, concentrating on a few clients and missing a lot of others?

Ms. **Pines**. We are serving, thanks to the entitlement program, a very large number of youth in the city of Baltimore. Let me share with you a couple of perceptions about this thing called the "universe" because I do not think we have in this country any good idea of the number of unemployed youths. It worries me when I see mentions in drafts of legislation about looking at the youth unemployment rate. What happens is that we have a lot of kids who are not attached to the labor force, who are not actively looking for jobs because it is their perception that there are no jobs for them.

As soon as we are successful with a kid we make it very encouraging for two of his friends who have never been in the labor market to now come into the labor market and look for jobs. So we are almost victims of our own success. Every time we succeed we fail a little more in terms of statistics, if you understand what I am trying to get at. So we are in a statistical no-win ball game.

I think that we are kidding ourselves if we think that the figure we have to the number of kids who are unemployed is an accurate figure. I think there is a huge number of uncounted kids who are simply out there. You can go through any city in this country and see them. They are just simply not counted as being in the labor force because they are not actively seeking employment.

Mr. **Petri**. Those figures might be wrong, but we do have a census. We know roughly how many people there are and we know how many people are working and how many people are in school and the rough ages. You can just do some subtraction.

Ms. Pines. Let us see what the 1980 census is going to show us. I will tell you something about the universal need. When we were submitting our entitlement application we consulted BLS statistics and we were trying to make some estimates of how many kids would probably be served within this geographic area. It had to be a fairly decent estimate how many had dropped out, how many were going to turn 16, how many existing were 16 to 19. Had we used BLS data we would have estimated that we would be serving 2,500 youngsters a year. Instead, we went actually to AFDC caseloads, we went to actual school enrollments, we went to actual dropout rates and we then estimated that we would be serving something over 8,000 kids a year, which was way, way away from BLS data. We were 7 percent over in our estimates. We would have been 70 percent under had we used the BLS data.

Mr. Petri. I am just curious. I do not want to start wasting people's time. Is it most important to get people a job or to teach them how to read? Does one follow the other, really?

Ms. Pines. I think that Mildred wants to speak to that, too. It is not an either/or. It is not an either/or situation. It is very hard to motivate a kid to learn to read unless he says, "Why am I learning to read?" That is one of the reasons that many youngsters are dropping out of school. They just do not understand what the whole purpose of the education program is. So what the job is is reinforcement of the value of the education and making the educational process more relevant to that youngster. You have to give him a reason to want to learn to read.

There has been very little reason or reinforcing things in his life that have made reading a worthwhile value.

Mr. Petri. Are you tied in with the probation system in Baltimore?

Ms. Pines. We are linked to everybody. Every probation officer has had a complete orientation to this program. The juvenile court judges have had a complete orientation to the program. We have a pretty high profile.

Mr. Bellamy. We get a lot of those clients in through the assessment center who have had these problems with the courts, et cetera, and have strengthened the kind of linkages between them. I can tell you that out of the population that comes into that center, which varies sometimes between 150 and I think this time 270, about 80 to 82 percent of them go through there successfully. There is a small percentage who either never showed up or, because of their own attitudes and behaviors, were eliminated from the center.

We run the center on exactly the same kinds of things a job would be run on, time and attendance, attitude, et cetera.

I should tell you this, that this is a 100-percent dropout population that we deal with in that center, but that center has an average 95-percent attendance rate over the period of time that those youngsters are in that program.

Ms. Pines. Messages say that they can be reached and they can be helped. I mean they are being wasted now but it is not a resource of this country that cannot be developed. It can be developed and it is being developed in Baltimore.

Mr. Petri. Thank you.

Mr. **Hawkins**. Ms. Pines, unfortunately we are running out of time but the Chair would like to ask at least one question concerning consolidation. I think you indicated support for the idea. Maybe I can ask you about this. In terms of the multiplicity of eligibility criteria, how do you think we can accomplish consolidation?

Ms. **Pines**. You mean administratively?

Mr. **Hawkins**. Yes.

Ms. **Pines**. I guess administratively you would have to probably go to the lowest common denominator in terms of eligibility, which would probably be the 70 percent, though if we were going legislatively I would say there would be a higher eligibility criteria. I think I would favor a 100-percent BLS lower family income only because I think that families have special problems with kids and often have other expenses and I would really like to see families at a slightly higher level than 70 percent.

But I think that if we were going to do it administratively we would have to go to the lowest common denominator.

Mr. **Hawkins**. What about the age groups, would you have a wide range?

Ms. **Pines**. I think entitlement would have to be considered separately, but I am talking about YCCIP and YEDPA and the summer program. Certainly I would like to see those combined. I think the planning for it makes more sense. The intake, the assignment of kids to these resources would just make much more sense, I think. Unfortunately, by having them separate, an awful lot of prime sponsors are really running separate categorical program designs, separate administrative structures. Kids happen to go to a program because there is an opening in that program and he happens to get recruited by whoever that program operator happens to be. That may or may not meet his needs. It does everything that deemphasizes good comprehensive delivery of service.

We are swimming upstream by having a system that is a comprehensive delivery. Believe me, there is nothing in the law and nothing in the administration of the law that makes it easy for us to run our system the way it is. It is much easier to run it all categorically now because that is really the way that we report, that is the way that the funding comes in.

Anybody who is doing it otherwise is going against the tide. But it is because we believe so strongly in it that we fight it. I have to keep introducing my own youth staff to the other staff because they tend to go off in their own worlds.

Mr. **Hawkins**. I am just wondering why we have a problem in so many other areas. I mean, you have done a pretty good job of it.

Ms. **Pines**. Well, we start out believing in it very strongly and pushing for it with an awful lot of centralized authority. If you do not have a very strong commitment, there is nothing in the legislation and nothing in the administration of the legislation that is going to encourage you to do it.

Mr. **Hawkins**. Of course, you were talking about believing in something and a commitment. That is a rather unusual characteristic, but if you have that it seems to me that a lot of things could work.

Ms. **Pines**. I hope it is spreading.

Mr. HAWKINS. I certainly hope so. I think you are serving as an excellent model, and I want to commend you, as chairman of the committee, and I would certainly like to commend Mr. Bellamy and Mrs. Forehand, for a very excellent presentation.

Ms. PINES. We thank you for the opportunity to appear before you.

Mr. HAWKINS. Our final witness today is Mr. Robert C. Penn, vice president of the Manpower Demonstration Research Corp. of New York City.

Mr. Penn, your prepared testimony in its entirety will be, without objection, entered into the record at this point.

Before leaving, Ms. Pines, Mr. Bellamy had some letters. If he desires to have those entered into the record, we would be very glad to include them without objection. If so, would you just kindly leave them with the staff.

[Letters referred to follow:]

FLASH—GOOD NEWS,
January 17, 1980.

To: Mr. Avon Bellamy, coordinator of youth assessment center.
From: Chris S. Wright, principal, No. 798.

Thank you for the exceptionally positive preparation for an academic-vocational setting that your staff did on six students who recently came to our school.

The updated information on each student—their vocational interest, their C.A.T. scores and their positive self-esteem which your staff delivered to them has made them a positive asset to our school.

These students—Robert Shievers, Emma Scott, Sharon Brantley, Jacqueline Coleman, Laverne Cozart, and Mark Crandall entered our school on Oct. 31, 1979. Since that date, their attendance at school and on their worksites have been very good. Of the six, four of them have qualified for applications to take the G.E.D.

Once again, thank you and please thank your staff for doing such a good job. I look forward to your next group of students.

HOME FOR INCURABLES OF BALTIMORE CITY,
Baltimore, Md., January 15, 1980.

Mr. AVON BELLAMY,
Assessment Center, Baltimore, Md.

DEAR MR. BELLAMY: We have been asked to comment on the value of the Youth Entitlement Program and on Mr. Keith Hughes in order to provides funding support.

Mr. Keith Hughes works in our Maintenance Department. He is serious about his work and completes his assignments to the best of his ability. This program exposes Mr. Hughes to a real work environment where he must deal with the same rules and expectations as a regular employee.

Keswick benefits by having an additional maintenance helper without budgeting for this position.

If further information would be helpful, please call me.

Sincerely,

JAMES J. SCHAP,
Personnel Director.

CARVER HIGH'S EXTENDED DAY PROGRAM,
Baltimore, Md., December 14, 1979.

Mr. AVON BELLAMY,
Senior Coordinator, Supportive Services, Baltimore, Md.

DEAR MR. BELLAMY: The purpose of this letter is commend you and your staff on the excellent job that you are doing to prepare the youngsters going through your assessment center for their return to school here at Carver High's Extended Day Program.

There is a very noticeable positive difference in the students who have received your training and counseling and the students who have not. With very few exceptions, the students enrolled here from your center are prepared and eager to get all of the benefits for which our program was designed.

Their attitudes, attendance, and relationships with peers and staff are very good.

Please continue to do the fine job that you are doing and we are looking forward to greeting the next class of youngsters who have successfully completed your program.

Yours truly,

MELVIN WATKINS,
Assistant Principal.

CARVER EXTENDED DAY PROGRAM,
Baltimore, Md., December 17, 1979.

Mr. AVON BELLAMY,
Senior Coordinator,
Supportive Service,
Baltimore, Md.

DEAR MR. BELLAMY: As a result of comments and observations by the staff, performance in class, academic achievement goals and attendance records, I have concluded that the students entering the Carver Extended Day Program since November 5 through intake have had a very positive influence upon total programming. The students are pleasant, cooperative, have established goals and exhibit positive attitudes which lend an improved atmosphere to the program. Several of these students have entered the G.E.D. Adult Education Program at Carver and eight have applied for the state G.E.D. examination.

To assist their educational progress, they readily seek counselling and take full advantage of available resources.

The present screening and intake process seems to be profitable.

Sincerely,

PHILBIN L. SCOTT, *Counselor.*

BALTIMORE AQUARIUM,
Baltimore, Md., January 18, 1980.

Mr. AVON BELLAMY,
Baltimore, Md.

DEAR SIR: It is with a great deal of pride and pleasure that this letter is written on behalf of Ms. Emma Scott. Since her arrival at Baltimore Aquarium, Inc., her appearance, attitude and work performance has improved 100%. A project can now be assigned with little instruction and is completed with a great deal of pride and self-esteem. Ms. Scott's typing, spelling, filing, and general appearance have greatly improved.

If in the future we at Baltimore Aquarium, Inc. can be of any help, just ask.

Respectfully,

CANDACE M. PRYOR,
Secretary to the Director.

Baltimore, Md., January 8, 1980.

Re youth incentive program, Roxanne Mims.

YOUTH INCENTIVE PROGRAM,
Baltimore, Md.
(Attention: Mr. Avon Bellamy).

DEAR MR. BELLAMY: This letter is in response to a phone call I received from the Youth Incentive Program requesting an evaluation for Roxanne Mims.

I have been working closely with Roxanne since she came here approximately one month ago. She cooperates when assigned her tasks, which include typing, filing, and other various duties related to this type of work. However, Roxanne comes across with an attitude of "I will come in when and if I want to," as her attendance record clearly shows. She is lacking in self confidence, and I feel she has a difficult time when it comes to associating with other persons in the office, as well as on the telephone.

Roxanne does not show any enthusiasm about any work that she does, although she does seem pleased when she gets a typing assignment right the first time.

Roxanne has the ability to do better if she applies herself, but she does not seem concerned about doing her best.

Very truly yours,

DONNA M. ATKINS,
Secretary, Regional Property Management.

CARVER HIGH'S EXTENDED DAY PROGRAM,
Baltimore, Md., January 16, 1980.

Mr. AVON BELLAMY,
Baltimore, Md.

DEAR MR. BELLAMY: As a result of comments and observations by the staff, performance in class, academic achievement goals and attendance records, I have concluded that the students entering the Carver Extended Day Program since November 5, 1979 through intake have had a very positive influence upon total programming. The students are pleasant, cooperative, have established goals and exhibit positive attitudes which lend an improved atmosphere to the program. Several of these students have entered the G.E.D. Adult Education Program at Carver and eight have applied for the State G.E.D. examination.

To assist their education progress, they readily seek counselling and take full advantage of available resources.

The present screening and intake process seems to be profitable.

Sincerely,

H. L. STROTHER.

CITY OF BALTIMORE, *January 8, 1980.*

To MR. AVON BELLAMY, *Assessment Center:*

Mr. Jasper Rivers of the (Youth Incentive Entitlement Program) has been an employee of Transit and Traffic a little over two months. His attendance during this time has been excellent. Also his work habits, performance on the job and the way he relates with his fellow co-workers is very good.

Mr. Rivers is both a dedicated and a hard worker. He performs such tasks as cutting meter posts and pins, changing meter domes and time cards, and any other duties related to parking meter maintenance.

Respectfully submitted,

GERARD J. LANGAN,
Acting Assistant Superintendent of Parking Meters.

HILLEN TIRE & RUBBER CORP.,
Baltimore, Md., January 4, 1980.

Mr. AVON BELLAMY,
Assessment Center, Mayor's Office of Manpower Resources,
Baltimore, Md.

DEAR MR. BELLAMY: I would like to comment on the most recent success of the CETA program at our company. The two young men assigned to our location, Reginald Wilson and Antoine Dodson, have both proven to be most adequate employees, even though Antoine is no longer with us. They both displayed a willingness to learn and cooperate combined with a pleasant attitude and cheerful disposition. These attributes are unusual today within our regular work force and a pleasant surprise considering the inexperience of these youngsters. In regard to Antoine Dodson, if the problem with absenteeism could be remedied, we would be most happy to have him back. We look forward to continued working with these two young men and fully expect to increase their skills while with us. To date our experience in the program has been most satisfactory and we expect to continue in the future.

Sincerely,

MARVIN W. SCHNITZER.

DULANEY TOWSON NURSING & CONVALESCENT HOME,
Baltimore, Md., January 8, 1980.

Mr. AVON BELLAMY,
Baltimore, Md.

DEAR MR. BELLAMY: We are very pleased with Miss Donna Green's work performance at this Facility. Green is a reliable person who follows directions well. She is very pleasant with the patients, shows initiative and works well with the other employees. She is very neat in appearance and conducts herself well. She participates on the Nursing Stations and in the Therapy Room assisting with the patients. Miss Green also makes good use of her time on the job.

Very truly yours,

MRS. LOUISE M. SMALL, R.N.,
Director of Nursing.

DULANEY TOWSON NURSING & CONVALESCENT HOME,
Baltimore, Md., January 8, 1980.

Mr. AVON BELLAMY,
Baltimore, Md.

DEAR MR. BELLAMY: We are very pleased with Miss Wanda Glenn's work performance at this Facility. She is very helpful on the Nursing Stations and follows directions well. She makes good use of her time and accomplishes all of the jobs assigned her on the Stations. Her duties on the Stations include making beds, feeding and walking patients. She is pleasant with the patients and works well with the other employees. Miss Glenn is neat in appearance and dress.

Very truly yours,

MRS. LOUISE M. SMALL, R.N.,
Director of Nursing.

THE JOHN F. KENNEDY INSTITUTE
FOR HANDICAPPED CHILDREN,
Baltimore, Md., January 3, 1980.

Mr. AVON BELLAMY,
Baltimore, Md.

DEAR MR. BELLAMY: I am writing you a letter of evaluation for Ms. Laverne Cozart, placed with me on November 4, 1979, at the request of Mr. Fred Wood. Although Ms. Cozart does not have the typing skills which we requested, she is willing to do some *very* light typing and is generally quite conscientious about her accuracy. She has been of great help to us in xeroxing articles from other libraries and her filing skills are very good also. Ms. Cozart has, as a rule, an exceptionally good work attitude. When she understands a task, she generally completes her work accurately and produces well, as far as quantity. Her ability to retain instructions from one day to the next varies with the particular task but is generally fair. Ms. Cozart does have a bit of difficulty reporting to work at the time scheduled and is late about fifty per cent of the time; we have stressed the importance of calling in to notify us of a possible delay or absence, and she does this most (but not all) of the time. In addition, she is usually late coming back from lunch or breaks. We are trying to improve her dependability in this area. As an employee, I would say that Ms. Cozart definitely is worth the effort involved to train and instruct her. I hope that she will improve in her weak areas as time goes on.

Sincerely,

BARBARA KELNER, *Librarian.*

TRAILWAYS,
Baltimore, Md., January 3, 1980.

Mr. AVON BELLAMY,
Baltimore, Md.

DEAR MR. BELLAMY: This is to inform you that the performance of Jacqueline Coleman and Ethelene Roberts has been satisfactory.

They are very congenial. Both are neat in their appearance and have an excellent work attitude.

Very truly yours,

H. H. ELKS,
Terminal Manager Worksite No. 666.

EASTERN GRAPHICS, INC.,
Baltimore, Md., February 2, 1980.

Mr. AVON BELLAMY,
Assessment Center,
Baltimore, Md.

DEAR MR. BELLAMY: We are currently participating in the Youth Entitlement Program and have two young people working with us—Antoinette Woods and Sharon Jones. As of this date Ms. Woods is still here working mornings and is learning quite well. She has occasional lateness but has made up the time. We feel that with patience on the part of an employer, and constant supervision, Antoinette will fit into a work environment. She is very pleasant, very quiet and is willing.

Sharon Jones was only with us for two weeks and did not fit into our situation. She was always preoccupied with outside activities and these interrupted her work. She did not show much interest in what she was doing, and spent more time making personal phone calls and entertaining relatives who would show up in the office to wait for her. We had to terminate her, and hopefully we will be able to get another person to take her place.

We feel the program is very useful for both the youth and the employer, but we feel that the youth are not being prepared very well in their schools. Such basics as use of the telephone, dress code, etc. seem okay, but others such as Md. Sales Tax, use of the telephone directory, and greeting the public are not evident.

Yours truly,

REGINALD C. WARE, *President.*

ROBIN'S NEST NURSERY,
Baltimore, Md., January 9, 1980.

DEAR MR. BELLAMY: I am writing about two young ladies in the VEIP program.

Wanda Carroll is a wonderful worker who is interested in the work she does and the way she does it. I am very proud of her.

On the other hand Towanda Farson is not a good employee. She works well when she comes but she does not come very often. I have spoken with her any number of times but to no avail.

Sincerely,

IRIS T. BYNUM.

Mr. HAWKINS. Mr. Penn, you may proceed.

[Prepared statement of Robert C. Penn follows:]

PREPARED STATEMENT OF ROBERT C. PENN, VICE PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORP.

Mr. Chairman, my name is Robert Penn, and I am the Vice President of Operations Management for Manpower Demonstration Research Corporation (MDRC), a nonprofit corporation that manages and studies demonstration programs on social policy. One of them is the Youth Incentive Entitlement Pilot Projects, also known as the Entitlement demonstration, the program which I would like to report on to you today.

The Entitlement demonstration was conceived in this Committee and enacted by the Congress as part of the Youth Employment and Demonstration Projects Act in 1977. As such, it was one of several innovative approaches designed to test out alternatives for providing the disadvantaged youth of this country with opportunities for training and work experience.

Entitlement is the nation's first guaranteed jobs program, and can be viewed as a small, first step in evaluating some of the issues embedded in the nation's commitment to a full employment policy as expressed in the provisions of the Humphrey-Hawkins legislation. Entitlement is also the first youth employment program to link subsidized employment to attendance and progress in school. Through Entitlement, Congress expected to learn more about the value of these new approaches, and we are here today to report to you on the progress of the demonstration thus far, especially in regard to how it has been managed and implemented.

The group of young people that Entitlement serves are teenagers between the ages of 16 and 19 whose families have incomes below the poverty level or are receiving welfare and who live in one of the 17 communities that have been selected to be part of the demonstration.

To youths who fit this description, Entitlement guarantees a part-time job during the school year and a full-time one during the summer so long as they do an adequate job in the workplace—and provided they meet one other very significant condition—to stay in the program, they must also agree to stay in school and make progress toward completing a high school education. With this stipulation, Entitlement has pioneered a more comprehensive approach to youth unemployment than many we have seen thus far. The program seeks to have two previously rather separate areas in the experience of youths—school and work—reinforce each other in creating a strong base from which they can successfully enter the job market or post-secondary education.

The demonstration began operations in March, 1978 and is currently scheduled to run through the end of this summer. Thus far, over 63,000 teenagers have enrolled, most of them minorities, a substantial number with children of their own and most without prior work experience. Approximately one in 10 of these young people had been out of school the semester before they enrolled in the program and about one in six had been out of school a semester or longer at some time. Currently, participants number about 30,000.

Entitlement is managed by CETA prime sponsors in 17 areas—seven large regions and 10 smaller ones—which provide a good cross-section of geographical, regional and labor market characteristics of this country. Each of these areas, or sites, has been asked to develop its own model of administration and service delivery for carrying out the program. The following is a list of the sites, their managing CETA prime sponsors and the total number of participants through December, 1979:

Site	Prime sponsor	Total number of participants through December 1979
Tier I:		
Baltimore, Md	Mayor's Office of Manpower Resources	15, 000
Boston, Mass	Employment and Economic Policy Administration	9, 951
Cincinnati, Ohio	City of Cincinnati Employment and Training Division	4, 755
Denver, Colo	Denver Employment and Training Administration	4, 301
Detroit, Mich	Employment and Training Department	9, 378
King-Snohomish Counties, Wash	King-Snohomish Manpower Consortium	5, 204
Southern rural Mississippi	Governor's Office of Job Development and Training	10, 776
Tier II:		
Alachua County, Fla	Alachua County CETA	411
Albuquerque, N. Mex	City of Albuquerque Office of CETA	1, 003
Berkeley, Calif	Office of Employment and Community Programs	1, 116
Dayton, Ohio	Office of the City Manager, Manpower Planning and Management.	165
Moneterey County, Calif	Monterey CETA Administration	426
Nashua County, N.H	Southern New Hampshire Services/CETA	278
New York, N.Y	Department of Employment of the city of New York	1, 070
Philadelphia, Pa	City of Philadelphia Area Manpower Planning Council	486
Steuben County, N.Y	Steuben County Manpower Administration	312
Syracuse, N.Y	City of Syracuse Office of Federal and State Aid Coordination.	1, 618

Overall responsibility for managing and policy direction for the program rests with the Office of Youth Programs, Employment and Training Administration of the Department of Labor. The Department of Labor requested that our organization, MDRC, coordinate the implementation of Entitlement and carry out the extensive research on its effectiveness, organization and costs, which Congress has mandated in the legislation establishing Entitlement as a demonstration project. Through careful research, we hope to understand what happens at Entitlement sites and to the young people in them in enough detail to be able to apply the lessons we learn to problems of youth employment elsewhere in our society. (A schedule of MDRC research reports is attached.)

Our research on the demonstration is achieved to run through 1982, and there are many things about the program that we do not know yet. Accurate assessment of the impact of this kind of significant demonstration of relatively new ideas is a process that requires time. We cannot expect overnight answers to questions about the long-term implications of this program for the school and employment success of its participants, nor can we hope to know a great deal at this point about related issues of impact, such as the reaction of the private sector employers to this program. What we do have now are some interim findings on the management of the program, and it is these I would like to summarize for you. Even in this area, however, it should be kept in mind that the findings are preliminary; it would be premature to make a final judgment on the feasibility of the program at this point when the effects of a difficult start-up period remain evident at several projects.

Because Congress found youth employment to be a problem in need of immediate attention, Entitlement was born quickly and almost just as quickly was asked to deliver services. Legislation for the program was signed in August, 1977; by March, 1978, the 17 sites for the demonstration had been selected after a complex and competitive process, and the first youths were enrolled in the program.

The early maturation process was not without attendant complications. Besides expected to get their programs underway rapidly, the agencies involved in running Entitlement had to break ground in several new areas. First of all, the program differs from many others in that it is not a fixed slot program. It does not begin with a fixed number of jobs and then stop enrolling when the slots are filled. Instead, it must actually seek to enroll all who are "entitled" to its benefits. To make good on the guarantee, the prime sponsors had to publicize the program forcefully and had to generate enough jobs for all the eligible young people who came forward to claim their benefits. And, again unlike other programs, the process of recruitment and job development cannot really be confined to one burst of activity and then halted. As young people turn 16, experience a change in income levels, or move into Entitlement areas, they may become eligible for jobs and, if so, must be recruited and served. As you can see, the very nature of Entitlement required prime sponsors to make contact with a great many eligible youths and to find jobs for all those who enrolled—a challenge of some proportions. And, since Entitlement touches on not only employment for youths but also on their education, prime sponsors had to work closely with the public schools, often a first-time experience for both institutions.

So, as might be expected, the initial start-up period of the demonstration was hectic. At this point, however, we can report that, while one or two sites have rather severe administrative difficulties, most have managed to put together workable and productive programs. Our best indication for this has been that a large and impressive number of youths have been recruited into the program. And participation rates have been high. It is estimated that during the first year of operations about 40 percent of youths who were eligible for the program enrolled in it.

One of Entitlement's major concerns has been with the young person who has left school and is usually shut off from the possibility of advancement in the job market. Since Entitlement provides only part-time work, which tends to be less attractive to older out-of-school youths, it comes as no surprise that the program has had its greatest appeal to youths already in school. Nevertheless, Entitlement has manged to reach a large and growing number of high school drop-outs. In the four Entitlement sites in which we are conducting our major research study on the impact of the program, Baltimore, Cincinnati, Denver and Mississippi, we have found that almost 13 percent of the young people who were not in school at all during 1977–78 were enrolled in Entitlement during 1978. Cumulatively, former drop-outs represent about 10 percent of all enrollees—and currently 20 to 30 percent at some sites. Over 80 percent of the drop-outs in the program have said they returned to school because of Entitlement.

It appears that the drop-outs are more likely to favor going back if they can attend alternative education classes, where they can make a fresh start, over returning to regular classes—a scene where often they have experienced failure. In this regard, the demonstration has been able to provide help. Entitlement, particularly at the larger sites, has spawned and promoted the growth of a number of alternative education programs to serve these returning drop-outs. These programs, as well as some counseling and work-related courses, have been facilitated by special "Enrichment" funding provided within the demonstration by the Department of Labor.

The Enrichment fund, a series of small grants available for special projects generated by individual sites, has been used by the Department of Labor to supplement the initially rather "barebones" approach of the demonstration with added educational and counseling benefits, particularly ones that would be helpful to drop-outs. Because Enrichment funding has been in use only since last fall, it is too early to say what overall impact it will have on the nature of the individual programs.

While Entitlement appears to be making a contribution to efforts to encourage drop-outs to return to school and to improve their long-term prospects for employability, it would be a mistake to expect the program to provide the only answer to this problem. Entitlement may prove to be a significant part of the answer, but it seems clear that affecting the education and employment potential of drop-outs will require a variety of strategies. At the same time, it may well be that Entitlement can have a second impact on the drop-out syndrome at a different point of entry into the cycle—that is, by keeping in school young people currently enrolled who otherwise might have decided to leave. From a public policy perspective, it may be at least as important to focus on a preventive approach to the problem, dealing with attitudes of youths before they become severe enough to precipitate action, as it is to reverse steps already taken.

With large numbers of young people coming forward to claim a part in the program, one possibility was that they would have overwhelmed the capacity of the prime sponsor to guarantee jobs. This has so far not turned out to be the case. In almost all instances, sites have been successful in creating enough jobs—usually at entry level—to meet the demand. The significant exception to this finding is the large, multicounty site of Mississippi, a rural area where a lack of transportation hinders youths from getting to many of the jobs that are available to them, and where, in any event, the communities involved simply may not have an adequate supply of jobs for all the youths who want them. Whether improved transportation in this site would mean that program operators could ultimately find enough jobs for all youths who want them remains at this point an open question. We would add, however, that in the smaller rural sites; Alachua County, Florida; Monterey, California; and Steuben County, New York, we have found that, with aid in transporting youths to worksites, the programs have managed to develop enough jobs to meet the demand. Although most programs found that neither youths who were willing to enroll nor employers who were willing to hire them were in short supply, many sites had to acquire the knack of getting young people actually placed in a job without a long wait. At a number of sites, youths did experience frustrating delays between their recruitment into the program and their assignment to a worksite. However, as program operators have become more seasoned and procedures have settled down, these problems have lessened considerably.

A substantial and growing number of jobs that have been offered to Entitlement youths have been in the private sector. This trend may be particularly encouraging because varying the familiar pattern whereby public employment programs place participants exclusively in public sector jobs creates a potential for exploring a wider range of employment opportunities for young people. As of last August, 1979, 21 percent of all job hours worked by the youths in the demonstration were in private firms. A year earlier, the figure for private sector job hours was 13.6 percent; thus over the course of the demonstration private firms have been increasingly on the scene.

While the job hours worked by Entitlement youths as of last August made up 21 percent of all the job hours in the demonstration, they represented fully half of Entitlement worksites then in operation. These figures indicate that private sector jobs in the demonstration end to be with smaller employers who take on usually only one or two youths. As a result, Entitlement staff have learned that to find the same number of jobs with private firms as they do in public agencies, they must make contact with many more employers. Seeking out the private sector has called for a more intensive effort on the part of Entitlement staffs; it is also in many cases a more unfamiliar effort, since many staff members in a government employment program like Entitlement are more familiar with public sector organizations. The relative newness and the difficulty of a private sector job development effort may help to explain why many sites in the demonstration began by offering a relatively modest number of private sector positions to enrollees. Especially when coupled with the need many sites felt to begin the programs quickly, it was to be expected that they would turn first to the public sector employers to whom they had stronger links and who were more likely to hire larger groups of youths at one time than were private firms. As the demonstration has progressed, however, we have seen a number of sites place more of an emphasis on finding jobs for youths with private sector employers, and there is no reason to believe that the saturation level of interest in this sector has been reached. Sites have adopted several workable strategies for developing private sector jobs. Depending on local circumstances, these employers can be successfully recruited either by intermediary organizations like the Chamber of Commerce or the National Alliance of Businessmen or by the prime sponsors themselves.

In an effort to find out more about what works in recruiting private sector employers into a program like Entitlement, we have recently begun a major study at three sites (Baltimore, Detroit, and New York City), in the demonstration. In these sites, private sector employers will be divided into three groups, each group to be offered at the outset a different rate of subsidy—100, 75 or 50 percent. By looking at the numbers of private employers who agree to hire at each of these rates, we hope to learn what the effect of offering a particular rate of subsidy has on their willingness to employ. We will be interested to find out whether the initial 100 percent subsidy is a key factor in an employer's willingness to hire a youth—or whether, in fact, private firms might be willing to contribute something from the outset.

As mentioned earlier, one of the greatest challenges to the demonstration has been the need of program managers to work closely with the schools. For the task that requires the least amount of adjustment and change on the part of the schools—recruitment of in-school youths—cooperation has been relatively easy. Generally schools have been willing to provide space, counselors and announcement time to publicize the program. But, in cases when Entitlement impinges more on the schools' established way of doing things, it has been more difficult to set up new systems. To cite just one example of how that partnership had to develop—If Entitlement requires that a youth stay in school to have a job, the prime sponsor had to work out with that school a manageable way of finding out on a regular basis, and more often than once a semester, if the youth actually was attending and maintaining an acceptable academic average. Public schools are not used to gathering this kind of information, let alone providing it with such frequency to outside agencies. For many programs, particularly the large ones, setting up a good network of communications has occupied much of their time and effort during this period.

As the demonstration has matured, however, we have seen a growing sense of shared enterprise between schools and prime sponsors. For example, a school is of necessity most interested in making sure its students are appropriately scheduled into all the courses they have to take, and creating such a schedule for every student within the time constraints of a school day already places heavy demands on a school administration. Nevertheless, many schools have tried to work around their schedules to cluster their classes for Entitlement youths in the earlier part of the day, so that they can have time to get to a part-time job. When this kind of flexibility has been possible, it has been enormously helpful to the programs.

Perhaps there would be a greater enthusiasm on the part of the schools for the demonstration if they felt that it was a more long-lasting part of their program. For example, the development of work-related curriculum would seem to be an obvious response to the Entitlement experience of many youths; yet, aside from courses created by Entitlement's own Enrichment grants, we have not seen substantial numbers of any such adaptations by the schools in their course offerings. Informally, many administrators have expressed the opinion that the limited time of the program barely justifies the effort needed to make these changes.

It is worth noting that in another instance where the opportunity to link school and work experience requires less time and effort—that is, the granting of academic credit for work-related experience—the schools have shown some cooperation, with many schools and state boards offering youths course credit for their worksite experience either for all enrollees, or sometimes on a case-by-case basis.

Many of the Entitlement Enrichment programs, too, provide the schools with some opportunity to make new connections to the workplace for their students, and we have seen the schools evince some interest in the programs—although, again, perhaps not as much as might be inspired by a more long-term program.

In this summary of the operating experience in the program thus far, we also would like to touch briefly on a few preliminary lessons learned about the overall management issues involved in such a program. First, we have found that it is very important that experienced senior staff be assigned to Entitlement projects. When new, inexperienced staff, however talented, were responsible for managing the projects, problems arose in administering the generally demanding program model. Especially when the prime sponsors chose to subcontract some of the functions of the programs to other agencies, it was essential that a strong monitoring staff be in place to insure that guidelines would be enforced and that coordination of the various parts of the program would take place. Moreover, when subcontractors were chosen, it was important that prime sponsors assign appropriate functions to them. Agencies do best what they have had experience in doing before. A good example of this general rule in the experience of the program was the performance of the schools, which, when given new, unfamiliar roles under Entitlement, tended to perform less well than they did on tasks to which they were more accustomed. It is also no news that repetitive, high volume operations can be stabilized by the development of set repertories of operation. Nevertheless, several of the large sites took a long time to develop standardized procedures for handling the interdependent steps that Entitlement demands—recruitment of youths, enrollment of them into the program, development of jobs for them, and monitoring of their school and work performance once they are placed on a job. The failure of some sites to work out these steps in the early stages created, among others, the problem of time lags between enrollment of youths and their assignment to a job. Those few sites that did take the time to put standard operating procedures into place before opening their doors benefitted from their foresight.

Another insight which we have gained is that having one organization responsible for both the planning and the operating of a program seemed to be a more workable plan than having separate organizations package the grant for the program and carry it out. Finally, it appears to be helpful to decentralize large-scale programs so that within a relatively small area, a compact group of staff members handles all the tasks in the program. This model of operation appears to allow greater communication about the needs and problems of individual youths among staff members with different responsibilities than is likely to occur if all functions are centralized across the site.

Recently some of the smaller Tier II projects have been expanded to included larger geographical areas and more participants. As we work through the operations of these programs, we hope to be able to test some of these administrative and management insights and hypotheses that have been gathered from our experience in the demonstration to date.

Thus far, Mr. Chairman, I have been giving you a report on the management experience of the Entitlement demonstration; we also have early indications of the cost of the program, which Congress also asked for as part of its legislative mandate. Not surprisingly, the main determinant of what this program costs is the participation level. Through August, 1979 wages for the demonstration as a whole accounted for 63 percent of project operating costs. While thus far the enrollment level in the program has remained quite stable, it must be kept in mind when looking at this program that, depending on how many youths decide to take advantage of it, it is potentially more subject to variation in costs than fixed slot programs.

The cost of providing one full year of service per youth varied considerably among the sites. But overall, for the period between September 1, 1978 and August 1, 1979 the cost is estimated at $4,749. The estimated one-year cost per participant, which takes into account all youths who ever enrolled during the year, and may or may not have actively participated for the full year period, was $1,631. To present the costs of the program in a different way: the average Entitlement participant cost per hour for the fiscal year was $4.78. In the period between January 1, and August 31, 1979 the average cost went up 6 percent, from $4.63 to $4.91, but the reason for this increase was an increase in the minimum wage rate in this period. Discounting this increase, we find that there appears to be a learning curve with respect to costs—that is, as the program continues, there is greater cost efficiency and a reduction in costs per participant hour.

In the Youth Act of 1977, Congress requested that the demonstration be used to provide estimates for expanding Entitlement nationally. We have estimated that to continue the demonstration at the current sites through fiscal year 1981 using the OMB poverty standard to determine income eligibility would cost about $85.2 million. This would allow the existing sites to maintain and further build on the considerable experience which they have already developed in running the program without the necessity for a national commitment of large additional resources. It would also considerably enhance the yield from the Entitlement demonstration research. To expand to 20 additional sites would cost $206.3 million. This would allow for a staged expansion of Entitlement with geographical diversity at a relatively modest cost. It is based on the assumption that each regional Department of Labor office could identify one large and one small local site with demonstrated competence to undertake the program with its requirements for close cooperation between the prime sponsor and local educational agencies which Entitlement necessitates. To expand to all designated poverty areas would cost $488.8 million. This would allow a targeting of Entitlement to areas where needy youths are concentrated. It would increase costs considerably and might have large drawbacks in terms of the capacity of the local prime sponsor and eductional agencies to undertake the program. To expand the demonstration to all eligible youths would cost $1,173 billion. This variation, which would be mounted at a much higher cost, would be in keeping with the national commitment towards a full employment policy as expressed in the Humphrey-Hawkins legislation. If the income criteria were raised to 70 percent of the BLS lower living standard, these costs would range from $109.5 million for the current sites, to $1.507 billion for all eligibles nationally.

Mr. Chairman, thus far what we have been presenting through this summary of our experience in the program and our research findings is a picture of a program in operation— and a program which, despite some weaknesses we think has been forged into a workable mechanism for providing opportunities to a group in society badly in need of innovative approaches to their problems. Obviously, there is a great deal that remains to be learned about this program, but, because it is a demonstration, subject to rigorous scrutiny, we will ultimately be given a clear outline, not a blurred impression, of its feasibility and its effectiveness. Over the course of the next two years, we will be learning from our research about the more developed stages of operation of this program. In addition to the continuing overall examination of site operations, we expect to get a more in-depth view of certain aspects of the demonstration. Researchers are presently engaged in one study on the quality of the Entitlement worksites— an attempt to evaluate the factors that account for a good work experience and the degree to which youths were able to find these qualities on their jobs. Also underway is a special study of private sector participation. From this, we look forward to finding out more about the reactions of this very important segment of employers to the demonstration. We also hope to pinpoint more precisely what the experience of youths in the private sector is and in what ways it differs from public sector work experience. Another special subject for research study is the Entitlement experience in rural areas, a study that grows out of our sense that putting a program like Entitlement into operation in rural areas poses special problems, such as transportation and availability of employers, that need to be addressed separately. We have also mounted a study that will look at the program's impact on local labor markets and to what degree labor force displacement occurs.

In an effort to assess the feasibility of the program, we intend to go forward with careful monitoring of its costs. Finally, of course, we are engaged in a major effort to determine the impact of the program on the population it seeks to serve. With a current indication that 40 percent of eligibles enroll in the program, we will continue to keep a close watch on the participation rates. For those young people who do enroll, we will follow the impact of Entitlement on their schooling, employment and earnings. Very early indications from our research suggest that the program is having an impact on return-to-school and school retention rates, but the studies that are now underway should have a good deal more to tell us about this very important relationship.

Mr. Chairman, in all honesty, we cannot now say with any degree of precision whether offering disadvantaged youths some paid work experience on the condition that they will progress toward completing their secondary education will mean that a significantly greater number of them will stay in school, see their studies through to successful completion, and go on to further education, training, or permanent work. What we do know is that a large number of youths were willing to try this route, that when they indicated interest, there were employers who were willing to take them on, and that in a variety of communities, schools, prime sponsors, and other agencies were able to put together a workable program that matched young people to jobs on a continuous basis and then kept track of how they were doing in school and work.

While the ultimate impact of the program remains in the realm of speculation, what we now can observe are effective management structures for carrying out the large and complex programs which have been created at the local level through the shared efforts of schools and prime sponsors. In light of this achievement, we feel that it is worth maintaining this program and that it would be much wiser at this point to build rather than to dismantle. Since a key ingredient of any national policy on youth employment is almost certain to be a need for prime sponsors and schools to work together, it would surely be a mistake to abandon these projects just as they are developing increasingly effective modes of operation. If the programs continue to operate, we can surely continue to learn from the experience of the alliances which Entitlement has fostered, and we think there is a good deal still to be learned.

SCHEDULE OF MDRC REPORTS ON THE YOUTH ENTITLEMENT DEMONSTRATION

Opportunity for a Future: The Youth Entitlement Program. March, 1978.

The Youth Entitlement Demonstration Program: A Summary Report on the Start-up Period of the Youth Incentive Entitlement Pilot Projects January–June, 1978. January, 1979.

Schooling and Work among Youths from Low-Income Households: A Baseline Report from the Entitlement Demonstration. Abt Associates, Inc. April, 1979.

The Youth Entitlement Demonstration: An Interim Report on Program Implementation. April, 1979.

A Preliminary Estimate of the Impact of Youth Entitlement on School Behavior. October, 1979.

The Youth Entitlement Demonstration: A Second Interim Report on Program Implementation. March, 1980.

The Quality of Work in Youth Entitlement. May, 1980.

Report on In-Program Impacts through September, 1979. Abt Associates, Inc. August, 1980.

Private Sector Participation in Youth Entitlement. August, 1980.

The Implementation of Youth Entitlement in Rural Areas. October, 1980.

An Analysis of Program Enrichments in the Youth Entitlement Demonstration. March, 1981.

A Report on the Youth Entitlement Wage Subsidy Variation. SRI International, *April*, 1981.

The Impacts of Youth Entitlement on Local Labor Markets. Unicorn Research Corporation. April, 1981.

Report on In- and Post-Program Impacts through September, 1980. Abt Associates, July, 1981.

A Final Report on Program Implementation. June, 1981.

A Final Report on In- and Post-Program Impacts. July, 1982.

A Summary Report on the Youth Entitlement Demonstration. August, 1982.

STATEMENT OF ROBERT C. PENN, VICE PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORP.

Mr. PENN. Thank you, Mr. Chairman and members of this committee. It is indeed an honor and a privilege to be here before you, and especially before you, Congressman Hawkins, since 16 years ago come this June I had the opportunity to spend a summer and a couple of months in your office as a congressional intern. It has been quite a long time.

Mr. HAWKINS. I certainly enjoyed having you, Mr. Penn. I am delighted that you have come back in a rather elevated role.

Mr. PENN. I am not sure about that.

Mr. HAWKINS. Please, help me out by agreeing with me.

Mr. PENN. For the record, I would just like to indicate that Mr. William Brinker, President of MDRC, had a long-standing commitment on the west coast back in California and for that reason he is not here today. As was indicated, Bill Diaz, who is the primary author for our implementation reports, one which has been submitted to the Congress and another one which is due at the end of this month, is here with me.

It is always a danger to follow Marian Pines when you want to talk about entitlement. In light of the time constraints, what I would like to do with your permission is to let the testimony stand and to try and hit some highlights and perhaps we could be available for any questions that you may have.

The entitlement program was conceived in this committee and was enacted by the Congress as part of YEDPA in 1977. We think that entitlement, indeed the Nation's first guaranteed jobs program, can be viewed as a small first step in evaluating some of the issues embedded in the Nation's commitment to full employment policies as expressed in the provisions of the Humphrey-Hawkins legislation.

The entitlement model, the function is not only to provide immediate subsidized employment for a large number of economically disadvantaged young people, but also to serve as a demonstration program with an educational aim as its special focus. Eligible youth are guaranteed jobs, part time during the school year and full time during the summer vacation. That is, if and only if, they progress toward completing their high school education.

Congress has appropriated $220 million for the entitlement demonstration which is currently scheduled to run through the summer of 1980. The Department of Labor, which has the overall responsibility for directing and managing the entitlement demonstration, has contracted with MDRC to coordinate extensive research and to oversee the program implementation. The administrative and operational aspects of the program are the responsibility of the local CETA prime sponsors and Marian Pines from Baltimore is one such prime sponsor.

I think that it would just be helpful to say at the very outset that in the initial stages of this program we experienced some start up difficulty. I do not think that that is out of the ordinary. I think that that should have been anticipated and could have been expected. Any time that you mount a program of the size, the scope and the complexity of entitlement, there are bound to be some difficulties.

I think that our implementation analysis has indicated that after a very rough initial start up period that by and large most of the entitlement demonstration sites have stabilized and are operating adequately.

That entitlement is succeeding in reaching the disadvantaged youth for whom it is intended is indicated by the demographics of the participants. The program records, through December of 1979, show a high percentage of minority youth enrolled with younger individuals more in evidence.

Entitlement participants are about evenly split between male and female and most of the youth never worked before. Although most of the youth, 90 percent, were in school at the beginning of the program, about 10 percent are previous school drop-outs and that percentage is increasing. Of those out-of-school youth some 83 percent have indicated that they have returned to the program because of entitlement. On an overall basis, about 40 percent of the youth eligible for entitlement are or have participated in the program.

Just to mention briefly the research design, in order to be able to report back to the Congress, we have instituted a three-part research design. One is the implementation analysis. The implementation analysis is designed to observe and report on the management issues and the feasibility of operations of entitlement at the 17 local sites.

The impact analysis on which an extensive long-term effort is focused, utilizes survey data which is being collected over 3 years in both demonstration and comparison sites to answer questions about the effectiveness of entitlement on reducing dropout and increasing return to school rates of the youth, and on the programs short- and long-term impacts on improving employment and earnings, school achievement and postsecondary education and training.

There are some other studies which are in progress and the table at the end of the testimony articulates those a little clearer.

Some preliminary findings based on our experience thus far in entitlement. First and foremost, as far as recruitment and enrollment is concerned, we have found that large numbers of individuals have been attracted to the entitlement program. About 63,000 through August, and our most current information through December indicates about 68,000, have participated in the entitlement program.

As far as job development and being able to find enough jobs, by and large the prime sponsors have been able to identify, find and fill enough jobs for entitlement participants. One minor deviation is in our one site in rural Mississippi, which encompasses 19 rural counties. We found that transportation is probably a primary reason why they have not been successful, also coupled with the fact that there just may not be enough jobs in rural Mississippi.

In contrast, in some of the smaller sites, Steuben County, N.Y., and Monterey, Calif., our programs have been successful in identifying enough jobs.

As far as schooling, the entitlement effort so far appears better able to reach in-school youth than dropout youth. However, there has been an increase in the number of dropout youth coming back into the program. In fact, in some prime sponsors the range is between 15 and 20 percent individual dropouts returning to the program.

The school prime sponsor link, which is an essential ingredient in this program, is fairly successful. I would just like to take the opportunity to comment on the previous speakers, when they talked about the LEA relationship to entitlement. We think that that linkage is essential. Even though we found the schools to be cooperative and they had a willingness to participate in several areas, we feel that in order to make the entitlement concept work the LEA linkage is most important.

Finally, just let me comment on the cost of this program. I should indicate that in the text there is a slight error. That figure should be $1.175 billion or $1.500 billion and not going into the trillions as suggested.

Mr. **Hawkins**. That is the figure on page 16?

Mr. **Penn**. Yes, sir. It should be $1.175 billion.

Mr. **Hawkins**. $1.175 billion, right?

Mr. **Penn**. Right. Thus far, the cost of the entitlement program per enrolled youth on an annual basis we have computed to be $1,600. Using this figure as a base, if we were to continue the existing program for an additional year, we would estimate that it would cost approximately $85.2 million, assuming that 40 percent of the eligible participants continued to participate in this program.

In order to expand this program to meet some of the provisions in Congressman Hawkins' legislation, we estimate that it would cost approximately $1.2 billion a year, and our assumption is that the program would enroll some 700,000 youths.

We think that the entitlement program thus far is a feasible program. Future research that we have scheduled will indicate more about its impact. However, we think that the program is worth maintaining as opposed to dismantling it at this particular point in time.

One other comment I would just like to add in terms of jobs, is the involvement of the private setcor in the entitlement program. As this committee is aware, the entitlement legislation and the regulations allow for up to 100 percent subsidies in the private for profit sector. Even though in the initial stages of the program we did not have the level of participation in the private sector that I think was desirable, our experience indicates that this is increasing. As of November of last year, about 22 percent of all of the job hours in entitlement were in the private for profit sector.

Mr. **Jeffords.** What percentage?

Mr. **Penn.** Twenty-two percent of all job hours. We think that the mix of private and public jobs creates a creative tension, if you please, and raises the overall level and quality of the jobs and the worksites.

That is a brief summary.

Mr. **Hawkins.** Dr. Diaz, do you care to supplement?

Dr. **Diaz.** No; I have nothing to add.

Mr. **Hawkins.** Mr. Jeffords.

Mr. **Jeffords.** I would like to discuss the evaluation of the program, especially how it is perceived within your mandate. How are you doing it?

Prior to the answer I will make a statement. I have gone around the country and asked over and over again about the kind of evaluations that have been done on the various programs. It is very alarming to find that, with the exception hopefully of yours, very little evaluation has gone on as to how successful these programs have been. You get figures on the number that got jobs upon completion of the programs. If you are lucky, in some cases you can find out what the situation was six months after the program. But rarely, if ever, can you find out what happened 1 year, 2 years, 3 years after to people that went through the program.

It is my understanding that under your mandate you were to have set up an evaluation program. I believe you subcontracted that out. I wonder, first, whether it is wise to have the people that are setting up the program be the ones that are either subcontracting or evaluating their own program. Second, I would like a little bit of an idea of how long your evaluation system is going to take to study these individuals to find out the success on a longer than 2 days or 2 months period of time.

Mr. **Penn.** Let me just comment on one part of it, and ask Bill to follow up in more detail on the research. As to your comment in terms of evaluating your own program, I do not believe that is true. We serve as a management agent for the Department of Labor, and as such, we oversee the operation at the various demonstration sites. So I think in the strictest sense of the word we are not evaluating our own program. We are monitoring, we are reporting and reporting back, on the implementation, the impact and the operation of the program as it is being operated in the 17 various communities.

So it is not like we have a contract to evaluate how well we are doing. I would imagine that someone else is doing that. In fact, the General Accounting Office has spent some time with us, and I would not be at all surprised if they have some comments in terms of our role. So I do not believe that that is quite the case.

Dr. DIAZ. Let me speak to the research strategy a little bit. We have subcontracted Abt Associates to do the impact analysis, and we believe that they are doing a very good and careful job on that. They are basically comparing youths that have been in the program, had the opportunity to be in the program, and youths that are not in the program.

Over a long-term basis, using survey strategy, we will know whether or not entitlement has some effect on those youths that participate in the program.

Mr. JEFFORDS. How long will that be carried out?

Dr. DIAZ. One survey took place in 1978. Another one took place in 1979. The third is scheduled for this coming fall, and a fourth in 1981. So it will be four surveys on youths. So basically each year we will have an update on the impact.

Mr. JEFFORDS. That will be looking at some of the students that went out of the program 1, 2, 3, 4 years before the surveys being run?

Dr. DIAZ. I am not sure that this is the response to your question, as I understand the question, we are looking at both inprogram and postprogram effects so that we will have the opportunity to see for at least some youths what they have done once they leave the program as far as their success in the labor market and whether they go on to postsecondary education.

Mr. JEFFORDS. What I guess I am asking is, in that sample, will there be people who participated and graduated from the program more than 1 year prior to the study?

Dr. DIAZ. One of the problems is that we are really not going to be seeing a long-term after effect. I think you are quite right to suggest that eligibles who have been in the program and leave it, there are very few that will be in that final survey. They will only be out of the program, say, about a year. This is some rather rough estimating on my part.

One of our concerns about dismantling entitlement at this point—or let me put it this way, one of the benefits of extending entitlement, should that occur, would be that we would be able to look at the impact for a longer term and would give some of the kids that are in the sample now a greater opportunity to be in the program and to experience some impact.

Mr. JEFFORDS. Is there any control group that that would be compared with?

Dr. DIAZ. Yes; there is a control group. We are looking at youths who are in the program at four sites, Baltimore, Denver, Mississippi, and Cincinnati. We have matched each of those cities with another one and have identified youths as part of the baseline sample, who obviously because the program is not occurring in those cities will not be participating in it and we are looking at their progress over time to see if there is any difference.

The youths are matched. The youths in the control sites are eligible under the criteria, but since there is no program they will not be in it. They are 16 to 19, disadvantaged under the OMB guidelines, as are these that are in the program sites.

Mr. **Jeffords**. As to the question that was asked Ms. Pines, would you agree with her analysis that the BLS labor unemployment statistics are useless in defining universe for entitlement potential of young people? "Useless" is probably a little strong.

Dr. **Diaz**. I would be a little more careful.

Mr. **Jeffords**. It is not accurate to use that word?

Dr. **Diaz**. Our experience was with the entitlement program, but when we asked prime sponsors to estimate how many eligibles they would have in their entitlement areas so that we could do some estimating as to what to expect when this program was first beginning, those estimates proved rather poor. I do not blame prime sponsors for that. They were working with very poor data. The 1970 census is rather old by now. The BLS stuff is not very useful either, so I would generally agree with Ms. Pines.

Mr. **Jeffords**. Thank you.

Mr. **Hawkins**. Mr. Weiss.

Mr. **Weiss**. Mr. Chairman, I think that the testimony was very, very clear. I do not really have very much by way of question. I have only one as a followup to Mr. Jeffords' question on impact.

Do you have any views to whether moneys that are made available to the prime sponsors would allow them to undertake a better ongoing impact study? Or is it another problem; is it that they have not thought of it? Do you have any thoughts on that?

Dr. **Diaz**. I am not sure what your question is.

Mr. **Weiss**. OK. I agree with Mr. Jeffords that part of the problem is that we have not been able to track on an ongoing basis what happens to the kids who go through these programs. Rather than having you come in, or an organization such as yours coming in, after the fact, it would seem to me that the most effective way to do that would be for the program itself to maintain records as to what happens to those kids.

The question that I have is, is the failure to do that because there are no funds provided within the allocation for that purpose? Is it because it might be serviced as irrelevant to the basic work that they are undertaking? I would like to know whatever thoughts you have on how that should be approached and why it is not being done.

Dr. **Diaz**. Just let me clarify one point. That is, that we have come in with this evaluation at the point that the program was getting started and not before. So that we identified the youths who were eligible for the program and we will be estimating what their participation rate is. We are able to follow them before program implementation so that we are following them right from the beginning, before entitlement began.

But to answer your question, I think that to do this kind of impact evaluation is very expensive and very difficult because you have to be able to follow youths fairly carefully. You have to identify both the youths who are in the program and match them with youths that are not and in some way be able to get back to those youths and find out how they are progressing and doing. That is not an easy thing to do.

I think particularly with this kind of a population that that can prove to be very difficult, particularly when you are talking about looking at the nonprogram kids that you are using as your controls. So that, I think, is a major hurdle.

Mr. **Weiss**. We had some testimony by way of correspondence in support of an expansion of an existing program by OIC. They are able to demonstrate what percentage of the kids had in fact stayed in the program for what length of time compared to a control group, what percentage of them went on to college and so on.

Now, they are dealing with the same kinds of kids that are in other youth employment programs. I know that it may be difficult, but it seems to me that one of the problems in getting funded, or the expansion of funding for youth employment and training programs, in fact for any of the job programs, is the incapacity of the people who want the program to be able to demonstrate that it works.

So it seems to me that as difficult as it is, if we do not start taking some measures toward being able to evaluate whether in fact it is working or not working, we are constantly going to be fighting against the people who say, "You cannot prove it is doing anything."

Dr. **Diaz**. Well, I agree with you on that point. I think that one of the values of the demonstration programs, entitlement and others, is that we are funded under the act of 1977 which provided for that kind of study. I just think it is a very difficult thing to build in to programs in an ongoing way.

Mr. **Penn**. A footnote to that, just from a pragmatically administrative point of view, I think that it requires a fair degree of sophistication at the prime sponsor level. Certainly there is no objection to assisting, and for the prime sponsors to develop, that capability. I think that many prime sponsors focus on just the sheer implementation of getting the program up, recruitment, intake, developing jobs, placing individuals on jobs, trying to keep up with the regulations, the regulation changes, the legislation, and some of the controls that are placed at the local level.

I do believe that the prime sponsors do have a feel many times for what success is or what the impact is. In testimony here of the individuals from Baltimore, I believe that indicated a certain kind of success that these individuals believe is there. I think it is the kind of sophisticated information, long-term, long-range, that we have to bring to bear so that either the skeptics or the people who are the nonbelievers somehow have some faith in believing that people have a tendency not always to go with what is intuitive or what you can grasp.

Mr. **Weiss**. Thank you, Mr. Chairman.

Mr. **Hawkins**. Mr. Jeffords.

Mr. **Jeffords**. Yes; I have a couple of other questions which I would like to ask you. I asked some of them of Ms. Pines.

Have you noticed up to this point any significant alteration on the educational side of attitudes toward trying to incorporate some of the learning which has occurred in finding out better ways to make education more relevant to the young people so that they stay in the conventional schools?

Mr. **Penn.** Let me respond to it, and I am sure Bill has some comments. I think an essential ingredient in the entitlement or the prime sponsor-school relationship is the monitoring and enforcement of performance standards. It is a little different than the 22-percent set-aside where some sort of institutions get it automatically.

Because of the nature of entitlement, the schools and the prime sponsors must come together because there are certain kinds of information, grades on a monthly basis, attendance on a monthly basis, that they must have, in addition to that fact that in many of the entitlement sites the managing agency is in fact the LEA or, in many of the sites, the largest piece of the subcontract action is with the school.

So I think that based on that sort of force, with a small "f," interaction, the prime sponsors and schools have developed a cooperative working relationship. I think this has been in evidence by schools coming up with flexible hours which would allow entitlement participants to get out of school so that they can go to work, the awarding of academic credit for work experience, and the enrichment which Marian alluded to.

We added some $10 million to all sites to foster a better relationship between the prime sponsor and the school. I think it is getting better. If we could go a while longer. I think that it would present some kind of stability and I think it would get better.

We are not there, but we are lot further down the road now than we were at the beginning of the demonstration.

Dr. **Diaz.** I do not have much to add to that except to make one clarification. That is, there are schools systems involved in the entitlement program that provide alternative education. They have done that. They did it before entitlement and they are doing it after entitlement.

Entitlement has not, except perhaps in Baltimore where some of the alternative programs such as Harbor City have expanded and where there was a provision for some additional programs to teach some of the youths that simply were not reading up to a GED level, there has not been a great deal of substantive change or institutional change on the part of the schools.

There is, however, increasing evidence that the schools and prime sponsors are getting to know one another, that they are cooperating over the performance and attendance standards. I think one of the drawbacks to schools changing is their sense that employment programs come and go and that they are not about to make major changes as far as linking up to employment programs as long as those employment programs only have a life of, say, a year or two.

Mr. **Jeffords.** In keeping with that answer, the concept of the administration bill, among others, is that the carrots are all right now on the labor side, at least in this particular program. Suppose we were to throw some carrots over on the educational side and say, "We want to see some institutional changes if you are going to get this dough," do you think that would be helpful or productive?

Dr. **Diaz.** I am in the realm of speculation now, but let me say that it is not simply throwing the carrots over.

Mr. **Jeffords.** In other words we are requiring, at least in our bill, doing the things that are already being done in the entitlement-type program. That is, you are getting people together, you are working out a joint program, et cetera. As you point out this is a 1 or 2-year program. You feel that our educational system is all OK, it has some social problems unrelated to the educational system, so let the alternative schools deal with them. Then educators will go right ahead with teaching the same thing in the same way that they have been teaching for 150 years and we do not have any problem.

What I want to do is to see if we can sit down and say, fine, we have that program for the alternate schools but, hey, maybe we can learn something from them. Maybe they are giving a message to us that we ought to reexamine our educational structuring of programs and see if we can design something down in grade 1 so that we do not end up with the need for the alternative schools.

Do you think carrots on the educational side will help do that?

Dr. **Diaz.** I would say this, speaking more as a political scientist than as an analyst of this particular program, that it seems to me that one of the reasons that entitlement is slowly bringing about some change on the educational side is that there is a kind of created tension at the local level. We have prime sponsors and we have schools that really have to be involved with each other because at the bare minimum they have to set up a system for monthly attendance and performance standards.

Bob used the term "create a tension." I guess that that is something that I would think would help. If you have two institutions at the local level that can keep an eye on each other, so to speak, and keep each other honest, I think that is very useful. I think that helps as opposed to just sending money down one pipeline or sending money down the other pipeline.

Mr. **Penn.** Just another thought on the carrot, it just seems to me in terms of trying to get the educational bureaucracy and manpower agencies to work together that not only do you need a carrot on the education side, somehow or somewhere you need a stick. Without the stick, without an incentive, I guess I should say, I am not sure it is going to work.

I guess some of my personal observations and experience with the 22-percent set-aside, and I have no problems with that, is that the attitude is that we are written into the legislation, we are going to get our 22 percent no matter what happens, we really do not even have to talk to you because you have to do it. Somehow you have to forge or force those two entities to see it in their own self-interest, if you please, to come together and to somehow try to impact uniformally on the life of that individual instead of separately the way we have been going for sometime.

Mr. **Jeffords.** It is a lot easier for us legislators to pass out carrots than it is to swing the sticks. So I would say that with the new President's budget, we do not know where we stand on that, we may have to look at some sticks instead of just passing out the carrots. I agree with what you say.

Mr. **Weiss.** You did mean the President's new budget?

Mr. **Jeffords.** New budget.

Mr. **Weiss.** I thought you said the new President's budget. [General laughter.]

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Mr. **Jeffords**. If I did, that was an accurate Freudian slip.

Mr. **Hawkins**. Just one final question, Mr. Penn. Assuming that the demonstration as embodied in the entitlement program comes to an end, then what becomes of the evaluation? Does that go out with it? Will the evaluation be continued as such. Just where would it be?

Dr. **Diaz**. We would have the third survey next year and continue with it. The problem is, we would have an evaluation. I do not know what the results would be, but we would have an evaluation, so we are prepared for that.

Mr. **Hawkins**. You would continue the evaluation?

Dr. **Diaz**. Yes; we would have a third survey next year and find out what is happening with these kids that have been in the program.

As I mentioned earlier, the effect really is in attenuating the potential impact of this program and also in not allowing us to follow kids for as long after the program as we might like.

Mr. **Hawkins**. Is that money already contracted for then?

Dr. **Diaz**. Yes; there is money there for the third survey.

Mr. **Hawkins**. That would continue?

Dr. **Diaz**. Yes.

Mr. **Hawkins**. Thank you. Are there any further questions?

[No response.]

Mr. **Hawkins**. Thank you, Mr. Penn and Dr. Diaz, for your presentation. That concludes the hearing of the subcommittee today. The subcommittee will continue its hearings on Thursday, March 13. The committee is adjourned.

[Whereupon, the meeting of the subcommittee was adjourned at 12:25 p.m., subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

King-Snohomish Manpower Consortium,
Seattle, Wash., March 11, 1980.

Hon. Augustus F. Hawkins,
House Education and Labor Committee,
Rayburn House Office Building,
Washington, D.C.

Dear Mr. Hawkins: The House of Representatives Education and Labor Committtee has received testimony today on the extension of the youth Entitlement program. As the prime sponsor operator of this program in the Seattle Metropolitan area, I would like to endorse the extension of youth Entitlement. As with any new program, there have been some initial "startup" problems. These have now largely been resolved, and youth Entitlement unquestionably provides a valuable service to the people of this community, particularly unemployed, disadvantaged youth.

I urge you to support the extension of this worthwhile program.

Sincerely,

Lee T. Pasquarella,
Director.

Indian and Native American CETA Coalition,
Washington, D.C., March 13, 1980.

Hon. Augustus F. Hawkins,
Chairman, Subcommittee on Employment Opportunities, Committee on Education and Labor, U.S. House of Representatives, Washington, D.C.

Dear Rep. Hawkins: The employment needs of Indian and Native American youth are serious. They are even more serious than the highly publicized needs of other disadvantaged youth. The federal commitment to meet these needs must be equally serious.

The Indian and Native American CETA Coalition urges your Committee to give special attention to the needs of Indian youth during your deliberations on the reauthorization of the programs in Title IV, Part A of the present CETA law.

The principal issues affecting Indian and Native American groups with respect to youth employment and training programs are described in the attached statement. Our recommendations include:

1. Continuation of the present eligibility of Indian tribes and other Section 302 (c)(1) groups for direct funding under the CETA youth programs.
2. Continuation of the present requirement that not less than 2% of all special youth funds be provided for Indian and Native American programs.
3. Authorization for the Labor Department to develop youth program regulations specifically designed to meet unique Indian conditions. This appears to be provided by the Administration bill, but should be emphasized in the legislative history.
4. Strong encouragement to the Secretary of Labor to use his discretionary program authority and funds to initiate a special demonstration effort to meet the needs of urban and other off-reservation Indian youth. The needs of such youth have not been met by the present law and should be addressed without in any way diminishing the support available to reservation youth.

Your committee must also consider an extension of the authorization for the Title VII Private Sector Initiative Program. We urge the Congress to extend this valuable program, especially its funding provision for Indian tribes and other eligible Native American organizations. In view of our needs for support under this program, we ask you to direct the Labor Department to increase the availability of Title VII discretionary funds to Indian and Native American grantees.

The Indian and Native American CETA Coalition stands ready to assist your Committee in any way it can in examining the issues which affect unemployment among our young people and the creation of permanent, unsubsidized jobs for our workers.

Sincerely,

ELIZABETH BENNETT,
Facilitator.

Attachments.

STATEMENT ON INDIAN ISSUES IN THE REAUTHORIZATION OF CETA YOUTH PROGRAMS

Jobs are hard to come by for young workers in nearly any American community. In Native American communities with the most severe unemployment problems of all, jobs for youth can be practically nonexistent.

Putting young people to work on reservations and in isolated Alaskan villages is the job of Indian tribes and native Alaskan corporations. Direct financial support from the CETA youth programs—the Youth Community Conservation and Improvement Projects program (YCCIP), the Youth Employment and Training Program (YETP) and the Summer Youth Employment Program (SYEP)—has made accomplishment of this job possible.

"It has been my pleasure to provide employment as well as an understanding of how radio works and the potential for new individuals in the field," wrote the Program Director for radio station KSRM, serving Soldotna and other communities on Alaska's Kenai Peninsula. The radio station joined with other employers, private as well as public, in providing work experience and hands-on job training to native Alaskan youth through the CETA youth programs sponsored by the Cook Inlet Native Association.

Thousands of miles away, work was equally the focus of CETA youth programs sponsored by the Cherokee Nation. One project was the construction of bleachers for a ball park in Muldrow, Oklahoma. Eleven Cherokee youth completed the community project under the careful supervision of two very energetic and experienced workers, ages 72 and 84. Other Cherokee youth learned what a job was like through their experiences working in health clinics, libraries, municipal and state agencies and through a tour of duty with the U.S. Coast Guard at the Robert S. Kerr Reservoir.

These projects were just several of the hundreds operated by tribes and other Native American groups from Florida and Maine, across Indian Country, to Alaska and Hawaii. None of them would have happened without the resources which YCCIP, YETP and SYEP provided directly to Indian tribes and native Alaskan and Hawaiian groups.

MEETING PRESENT NEEDS: THE CURRENT LAW

It is well known that Indian communities suffer from the most serious employment-related problems found anywhere in the U.S. The fact that unemployment rates on individual Indian reservations can and often do run to 40 percent, 50 percent and higher is only part of the problem. Labor force participation rates are so low relative to non-Indian communities, a reflection of the lack of jobs to seek, that a different methodology is used to count the unemployed on reservations. What jobs there are outside the public sector are almost universally low paid and unstable, spurring the large scale movement of Indian workers back and forth from reservation to urban areas in a frustrating search for a way to make a living.

What is not so well known is the fact that this pattern starts when young Indian people make their first attempt to deal with the labor market. In 1970, the officially measured national unemployment rate among Indian workers ages 16 through 19 was about twice as high as that for all Indian workers. The rate for all Indian workers was higher than that for any other racial or ethnic group and almost four times as high as that for white workers.

While national attention has been focused on the very real needs of other groups, the fact is that Indian youth confront the most severe problems of any youth in successfully entering the labor market.

Both Congress and Labor Department have recognized that a special effort should be made to address the problems of Indian youth employment. The present provisions of CETA authorize:

An allocation of 2 percent of the funds for YCCIP for direct support of projects conducted by Indian tribes and native Alaskan and Hawaiian groups.

An allocation of not less than 2 percent of the funds for all of Part A of Title IV (YCCIP, YETP and the entitlement program), less the 2 percent YCCIP allocation, for the direct support of YETP programs conducted by tribes and other eligible Native American groups.

The direct funding of tribes and other eligible Native American groups under the SYEP program. The law does not specify a minimum percentage allocation. The Labor Department is currently allocating approximately 1.9 percent of SYEP funds to Indian and Native American grantees.

In the current fiscal year, 108 Indian tribes, intertribal consortia and other grantees serving federal and state reservation areas, 14 native Alaskan groups and one native Hawaiian group are receiving direct grants from DOL to conduct YCCIP, YETP and SYEP programs. All are designated by DOL as Native American grantees under the provisions of Section 302(c)(1) of CETA.

An additional 57 Indian and other organizations receive direct DOL funding for comprehensive training programs to serve Indian workers in off-reservation areas, including most large U.S. cities, under the provisions of Section 302(c)(2) of CETA. However, under current law, none of these grantees receive direct funding for special youth programs. Moreover, DOL has given no attention to the needs of urban Indian youth under its discretionary funding authority.

In Fiscal Year 1980, the tribes and other Native American groups that do receive direct funding for youth programs will share $2.7 million in YCCIP funds, $13.8 million in YETP funds and $13.9 millilon in SYEP funds. The estimated enrollment levels for these programs in fiscal year 1980 are 1,000 youth in YCCIP, 8,000 youth in YETP and 17,600 youth in SYEP.

With relatively rare exceptions, Indian and other Native American grantees do not receive CETA youth program funds on a subgrant or contract basis from state and local CETA prime sponsors. This means that in most Indian communities, the only resources meeting the special needs of Indian youth are those specifically set aside by law for the direct funding of tribal governments.

Like other Indian CETA programs, the funds for Indian youth programs are administered by a special unit within DOL's national office with special expertise in Indian employment and training problems—the Division of Indian and Native American Programs (DINAP).

MEETING FUTURE NEEDS: REAUTHORIZATION RECOMMENDATIONS

The needs of Indian youth for help in finding and holding jobs is going to continue over the next several years. The resources required for special programs to meet these needs must also continue.

Four issues are basic to meeting Indian needs in the context of the reauthorization of special CETA youth programs. Each of these issues is discussed briefly.

Specific legislative recommendations are attached to this statement covering issues which go beyond the present provisions of the Administration's youth programs reauthorization bill.

One. The present eligibility of tribes and other Native American groups for direct funding must be continued. Indian tribes have always had a special status within U.S. law. Congress has repeatedly reaffirmed this status by making tribal governments eligible for direct funding under CETA and many other programs. The direct funding of tribes and other special groups described in Section 302(c)(1) of CETA must be continued in the pending youth programs legislation. Section 411(a)(2) of the Administration bill would appear to accomplish this objective.

Two. The present allocation of not less than 2 percent of all special CETA youth program money for Indian and Native American programs must be continued. Experience with all CETA programs, including youth programs, has consistently shown that the special formula allocation of CETA funds to Indian programs is absolutely necessary to insure that Indian needs are addressed. Section 411(a)(2) of the Administration bill would also appear to accomplish this objective.

Three. The administration and operation of special Indian CETA youth programs should be simplified through consolidation of the present YCCIP and YETP programs and the imposition of only those requirements that are developed specifically with Indian conditions in mind. Present law establishes separate requirements for YCCIP and YETP. These separate requirements place an unnecessary burden upon grantees, particularly tribal grantees receiving very small amounts of YCCIP and YETP funds. The Administration bill would accomplish this simplification objective by consolidating these two programs into a single "basic" program in Subpart 1.

The Administration bill would appear to be even more helpful by providing in the last phrase of Section 411(a)(2) that Native American youth programs shall be operated "in accordance with regulations which the Secretary shall prescribe." This language should give the Department of Labor the authority to develop regulations appropriate to safeguarding federal funds and at the same time tailor those regulations exclusively to the needs in Indian communities notwithstanding the provisions of law applying to non-Indian programs.

Four. Special considerationn should be given to the needs of urban and other off-reservation Indian youth through the use of the discretionary program authority in the Administration bill. Up to this point, CETA resources have been directed only to the serious needs of reservation youth. This has been a very appropriate beginning. At the same time, the serious needs of Indian youth trying to find jobs in urban labor markets must not be ignored.

The situation in Milwaukee is typical. Indian youth in the Milwaukee area in the 14 to 21 age group comprise approximately 47% of the total Indian population. Fifty-four percent of these Indian youth are high school drop outs. Since their numbers are few in the general population and even in the total "minority group" population, they are often overlooked by agencies providing special youth employment services. The result is that it is difficult for Indian youth to become employed in entry level jobs or to receive consideration for CETA youth employment and training services.

Other factors leading to unusually high unemployment rates among Indian youth in the Milwaukee area are: chemical dependency; lack of career guidance in public schools; lack of adequate educational skills to remain in school; cultural barriers; high transiency from reservation to urban areas; lack of urban survival skills; and gross lack of skills training. The employability of Indian youth is also plagued by low job retention rates (one month's duration at the most), lack of the concepts of the world of work and meaningful work experience.

All these problems, in Milwaukee and other urban centers with concentrations of Indian youth, make it essential that special attention be given to providing special services to off-reservation youth. Under both present law and the Administration's reauthorization bill, the Labor Department can use its discretionary program authority and funds to develop special pilot programs through the existing network of Indian organizations participating as CETA grantees under Section 302(c)(2) of the law.

Congress should mandate a special pilot effort to serve off-reservation Indian youth, either through a provision in the discretionary programs language of the law or through the legislative history of the youth programs reauthorization bill. Language to accomplish this is suggested in the legislative recommendations attached to this statement.

TITLE VII REAUTHORIZATION NEEDED

The authorization for the Title VII CETA Private Sector Initiative Program expires at the end of this Fiscal Year, along with the authorization for the Title IV–A youth programs. Indian tribes and native Alaskan and Hawaiian groups are eligible for direct grants under Title VII, just as they are under the youth programs. To date, a total of over $7.5 million in Title VII funds for Fiscal Years 1979 and 1980 have been distributed to 14 eligible tribes and Alaskan groups.

The stimulus which even this limited amount of Title VII funding provided to tribes to develop stronger ties to private sector employers has been rmarkable. A total of 79 eligible grantees submitted applications totaling approximately $90 million in Title VII funds. Many, many meritorious applications were denied by DOL simply for lack of funding.

Ironically, while many Indian tribes seeking support were turned away, state and local CETA prime sponsors failed to spend even half of the Title VII funds available to them. Funds from the 5 percent discretionary pool of Title VII money which could have been used to support private sector job creation on Indian reservations lay idle while the Labor Department waited for an apparently nonexistent demand to develop on the part of state and local prime sponsors for Private Industry Council consortium bonus payments.

Congress should use the occasion of the reauthorization of the Title VII Private Sector Initiative Program to express its concern to DOL that Indian needs for Title VII funds be more adequately met through the allocation of additional Title VII money.

The attached legislative recommendations incorporate the main suggestions made in this statement. The Indian and Native American CETA Coalition would be happy to supply additional information to the Congress on any of the issues relating to youth or Title VII programs conducted by Indian tribes and other Native American grantees.

LEGISLATIVE RECOMMENDATIONS: INDIAN ISSUES IN TITLE I OF THE YOUTH ACT OF 1980

In order to address the concerns of Indian tribes and other Native American organizations with respect to the operation of CETA youth and private sector programs, it is recommended that the legislative history of Title I of the Youth Act of 1980 (also described as the Youth Training and Employment Act of 1980) contain the following language:

The Committee is concerned that the special needs of Indian and Native American youth continue to receive special attention through programs conducted by Indian tribes and other groups qualified under the provisions of Section 302 of the act. The youth programs conducted by Section 302 qualified groups should be governed only by regulations promulgated by the Secretary specifically designed to meet Indian needs. The bill gives the Secretary broad authority to so design these regulations.

The Committee understands that little attention has been given to the needs of Indian youth in off-reservation areas. It directs the Secretary to consider the use of his discretionary program authority and funds to launch a special demonstration program to meet such needs.

In extending the authorization for the Title VII program, the Committee notes that the need for support of job creation efforts on Indian reservations and in other Native American communities far exceeds the amount of funds made available to date. The Committee urges the Secretary to allocate additional discretionary resources to meet this need.

YOUTH EMPLOYMENT ACT OF 1979

Part 4

THURSDAY, MARCH 13, 1980

House of Representatives,
Subcommittee on Employment Opportunities,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:40 a.m. in room 2257, Rayburn House Office Building, Hon. Augustus F. Hawkins (chairman of the subcommittee) presiding.

Members present: Representatives Hawkins, Weiss, and Jeffords.

Staff present: Susan Grayson, staff director; Beth Buehlmann, minority legislative associate; Bob Guttman, CRS labor specialist; Steve Juntila, legislative associate; Terri Schroeder, staff assistant; and Isbell Hornsby, staff assistant.

Mr. Hawkins. The Subcommittee on Employment Opportunities is called to order.

Today is a continuation of the hearings on the youth employment and training proposals which include H.R. 4465; H.R. 4534; H.R. 5876; H.R. 6208, and H.R. 6711.

This morning we are very pleased that an outstanding friend of the committee and one who needs no introduction is appearing. I do not think it is necessary to identify or to introduce Dr. Leon Sullivan who is chairman and founder of the Opportunities Industrialization Centers of America.

Dr. Sullivan, we welcome you. You may take your place at the witness table. I am sure you will identify the other witnesses who are with you on the panel.

We are delighted to have you with us.

Mr. Dawkins. Mr. Chairman, Dr. Sullivan has asked me to indicate to you and members of the committee that he has with him this morning the executive director of the Milwaukee OIC, Mr. Carl Gee, the chairman of the board of the Milwaukee, Wis., OIC, Mr. Hugh Henderson who also is the secretary of labor for the State of Wisconsin, and Mr. Elton Jolly, the national executive director of OIC of America.

Mr. Hawkins. Thank you. Rev. Maurice Dawkins, formerly of Los Angeles, Calif.

Mr. Dawkins. You were formerly a member of the board of trustees of my church.

Mr. Hawkins. I am glad you mentioned that in this group.

STATEMENT OF REV. LEON HOWARD SULLIVAN, FOUNDER-CHAIRMAN, OPPORTUNITIES INDUSTRIALIZATION CENTERS OF AMERICA

Dr. SULLIVAN. Mr. Chairman and members of the House Employment Opportunities Subcommittee, my name is Leon Sullivan.

I wish to thank you for making it possible for me to share with you some of the views and recommendations that I believe will be helpful to you as you formulate national policy designed to guide the Congress, the President, and the executive agencies of Federal, State, and local governments as they face a most distressing and increasingly dangerous youth unemployment crisis in America.

As you know I have had the pleasure of appearing before most of you at hearings preceding the drafting of employment and training legislation.

I have had the privilege of serving as a Presidential appointee to the National Commission on Manpower Policy created by the Congress as a part of the CETA legislation of 1973 and I have helped shape the plans for inclusion of community-based organizations such as OIC; the Urban League; Recruitment Training Project; Operation SER; Operation Mainstream; the Human Resources Development Institute; and other union related and business related deliveries employment and training services who have demonstrated their effectiveness.

Like yourselves I have analyzed and watched carefully the end results and the products of the training and employment process of the Comprehensive Employment and Training Act and I have recommended significant changes and amendments to correct what is wrong and improve where improvement is needed.

Now today, as we look back on the history of employment and training legislation and look ahead 10 years to the 1990's and the beginning of the 21st century, I hope that each of us will be able to help all of us and all of us will be able to help each of us take the best from what we have learned from our experiences and put it together to create a national youth policy adequate for our times.

My own contribution to this planning and evaluation process is based in part on a trip that I have made through the western and southwestern regions of the Nation, meeting and talking with OIC leaders and their religious and industry support committees in Texas; Arizona; Nevada; New Mexico; California; Washington; Oregon; Utah; Illinois; Pennsylvania, and New York.

I had the opportunity to drive and walk in the black ghetto, the brown barrios, and the white urban and rural pockets of poverty and talk with both adults and youth of all races and what I have seen has disturbed me more than I can adequately describe.

I saw growing clusters of young people on the street corners of our cities as I have not seen since the days before the great riots of the 1960's. These young people by the hundreds and hundreds of thousands are idle and frustrated, not knowing what to do with themselves or their time and becoming more and more angry and disillusioned and incorrigable believing America has turned its back on them.

For the first time in the last 10 years I see the regathering of youth gangs on the streets of our cities. These are young people who were little children 10 years ago who are now forming youth gangs, roving gangs and not only at nights but during the day. These young people are of employable age but they are unemployed. It is reaching a crisis stage.

As I rode through these streets in cities and towns and hamlets and as I walked through them I saw not only the growing number of unemployed youth but I saw neighborhood after neighborhood and community after community that looked like bombs had fallen on them.

Homes and buildings too great to number, many vacant and many being lived in, in unbelievable disrepair and falling down; block after block and section after section I saw the urban vital centers of America bombed out by poverty and unemployment and drugs, crime and disillusionment and fear.

I come to you to tell you what is going on out there in our cities and in our streets today and to sound an alarm to us here and to America to declare war on youth unemployment before youth unemployed declares war on America.

I come to sound an alarm today and to call the attention of the Nation to the need for doing something about our untrained idle and restless youth before a chain reaction of violence erupts that could tear our cities apart again.

We still have perhaps 2 or maybe 3 years to do something about it. Therefore I am calling on the President and the Congress and the Nation to make the employment of our unemployed youth a major priority for America, equal in importance to the Middle East peace treaties; Iranian and Afghanistan crises; equal to the SALT II negotiations and equal to our concern about having enough oil; stopping inflation and balancing the budget.

If we do not begin to deal with the problem of youth employment as a national priority in time the confusion in the streets will destroy our ability to act and deal with our other domestic and international problems.

Our inability to deal with this problem will create larger budget deficits because the more people who are unemployed the larger the deficits of the Nation will invariably become because it will require more tax support to provide help for the unemployed of this country.

Surely such dangers could destroy the very fabric of our country and undermine the moral and spiritual value of our democracy.

The increasing numbers of crimes, rapes, robberies, extortion, and murder cases attributed to youth is beyond belief and it will grow. The horrors depicted in newspapers and television of roving bands of angry young people assaulting and mugging adults of all ages will grow and especially the assault of senior citizens. It is happening now and it will grow.

We are in trouble and ordinary plans for legislation will not get the job done. Ordinary task force recommendations despite the best intentions will not get the job done that needs to be done.

We need extraordinary legislation; extraordinary mobilization of national resources by the executive branch of the Federal Government; we need extraordinary commitment and involvement from the private sector and we need extraordinary effort on the part of community-based organizations as intermediaries between Government and business, business and labor and the people themselves.

We need an all-out effort; an effort that is the equivalent of a war effort. We need to declare war against the sources of this trouble. We need to declare war against joblessness, hopelessness, and despair that are all a part of the mounting unemployment youth tragedy.

In our struggle we must gain the commitment and the participation of business. To the greatest extent possible the necessity of dealing with the youth problem in each community must be sold to employers. Employers have the jobs and must be convinced of the value to their community and to themselves of putting disadvantaged youth to work.

Call it self-interest or anything else you will, the business of this Nation must realize that the survival of the free enterprise system depends upon a working, earning and productive citizenship.

A major concern of employers is the dependability of youth. They want predictability and willingness to stay on the job. It is important to help prepare youth to whatever extent possible to meet the demands of the workplace so that they will not experience failure at the onset; this way the employers will not become disillusioned at the beginning and thereby spurn the hiring of other young persons.

A campaign must be launched across America region by region and State by State and community by community that will give every businessman and employer in the land the incentive to help with jobs for youth. This campaign cannot just be with big companies and not just with the Exxons and the GM's and the GE's and the IBM's. The majority of American jobs are not with those big giants. It must be a program that must be geared also to the medium-sized and the small businessman so that tax credits can be a part of his planning in assisting in a community problem that will affect his own business in his own neighborhood.

Tax credits should be established to encourage business to hire the unemployed youth. Business should be motivated by the desire to help strengthen their communities and to help the Nation and equally important to help build their own communities.

We must deal with our schools and the classrooms. The quality of education in America is poor and must be improved. In our cities we are producing a second and third generation of young people who cannot compete equally in the employment marketplace. Their communication skills are so poor they cannot read and their computation skills are so low they cannot count.

This is at a time of ever-advancing industrialization and automation in a world that requires competence and training and the ability to compete as never before.

If we do not begin now to massively revamp the educational process of America so that our children and particularly our minority youth can meet contemporary social and employment needs our urban schools in our industrial cities will fall further into shambles, the breeding ground of racial polarization. Let's face up to it. Much that is happening in vast numbers of classrooms in America in the name of education is a mockery; a disgrace and a ripoff of taxpayers' dollars, and worse yet, a ripoff of the students themselves.

We must deal with the problem of public education and must close the holes in the classroom dikes. If we fail, 5 years from now there will be 6 million out of school unemployed youth and 10 years from now 10 million out of school unemployed youth will create chaos across America paralyzing the Nation with unemployment among our youth.

The time to act is now. We cannot and must not permit our youth to be sacrificed on the altar of anti-inflation policy and balanced budgets. We must get national leaders from the White House level down to make the safe effort to cut the redtape on the youth unemployment crisis as they are on the Iranian crisis and the inflation crisis.

We must be willing to look at today's youth unemployment crisis especially among black and Spanish-speaking youth as we looked at the Soviet threat to outdistance us in space technology when President Kennedy mobilized the Nation's political, economic, business, labor, and education leadership to put a man on the Moon in 10 years. If we can put a man on the Moon we ought to be able to put our youth on their feet with skills and jobs on the Earth.

President Kennedy succeeded in reaching that 10-year goal to put a man on the Moon. I say to you, Mr. Chairman, we can reach that goal that is in the Humphrey-Hawkins bill, to provide a job for every American who wants to work and particularly to the youth of this Nation.

If the 96th Congress begins in this session by writing and passing adequate youth employment legislation I say we can have the youth unemployment crisis whipped by the decade of the 1990's. We can make the 1980's the youth employment decade. Today's 11-year-olds will be 21. Today's 8-year-olds would be 18.

We can begin now with elementary schools and junior high schools, OIC schools, community-based organization schools. We can mount a campaign and mobilize national resources and reorder priorities as was done to put a man on the Moon.

I know that the technocrats and the bureaucrats will raise the specter of the price tag. To them I would ask what is the price tag on the prisons? What is the price tag on the police departments? What is the price tag on destroyed property? What is the price tag on lost lives? What is the price tag on the decimated military manpower reserves that will result if we do not make a comprehensive plan? What is the price tag on the spirits of people in America because there is no hope for them?

Needless to say you did not need to have the picture I have painted for you repeated today. Each of you in your own State, counties, cities and neighborhoods have had reports in hearings. I have attended a hearing of Brother Weiss. I want to congratulate him for what he is doing in his part of America. I want to say to him the people of his district to whom I have talked appreciate the concern he showed by going to them and letting them know of your concern and your interest.

He is the kind of Congressman we need more of in some other sections of the country, as well as Brother Jeffords and the chairman.

Mr. Hawkins. I understand, Reverend Sullivan, those who are not present this morning will not be so blessed.

Dr. Sullivan. I feel that you know the weaknesses and shortcomings of CETA as a delivery system and the need for correcting what is wrong.

Reading your own proposals to improve Federal programs of youth employment in H.R. 4465 and the Weiss bill, H.R. 4535 to provide full employment, vocational training, and placement for all young Americans willing and able to work and the Jeffords bill, H.R. 6208, the Youth Education and Work Act, I know that you are determined to make the reauthorization of the Youth Employment Demonstration Projects Act more than an exercise which pours the sands of hypocrisy into the ocean of futility.

I especially want to commend you for the amendments proposed to title VII with reference to the private sector initiatives and to title V amending the Wagner-Peyser Act to establish a youth component within the employment service.

There is a tremendous need for orientation of youth on how to search for jobs and for the promotion of use by employers of targeted jobs tax credit.

There is such a tremendous need to build a private-public partnership with employers, elected officials, and community-based organizations such as OIC.

There is such a tremendous need to tie together the efforts of the school system with the team of businessmen, Government prime sponsors, and CBO's.

No one who has lived through the last two decades of testing to find out what works and what does not work can fail to understand these needs.

I am especially pleased with the bipartisan concern and commitment as symbolized by Mr. Jefford's bill targeting to those hardest hit, to the school districts and the youth who need help most. The requirement for an absolute partnership between labor and education and the assurance that inner city poverty-area school districts are reached make us know that Republicans as well as Democrats see the need for giving incentives to youth to get into a reward pattern, to go to school and hit the books and get a job and make some money and be somebody—taking care of themselves and not begging anybody for anything.

Mr. Chairman, we are convinced after 16 years of experience and demonstrated effectiveness in the job development, training, and placement business and 6 years in the business of experimenting with career intern projects in cooperation with the National Institute of Education that there should be an amendment to the youth legislation of 1980 that assures inclusion of community-based organizations such as OIC and the career intern project.

We are convinced that the career intern project will be as important to the future history of America as the Job Corps and the Teachers Corps. We really feel as though the track record justifies having this committee give serious consideration to including a title for it just as it does for the Job Corps.

The 4-year demonstration in Philadelphia produced a plan that worked. It worked so well that the National Institute of Education recommended it to you, Mr. Chairman, and to Chairman Harrison Williams in the Senate, and the Department of Labor funded replication projects in Seattle, Detroit, New York City, and Poughkeepsie.

The 2-year results in those cities have been so good that the Youth Director and the Secretary of Labor both included this model as one of the success stories in their youth publication distributed when the

President announced his $2 billion youth initiative for in-school and out-of-school youth.

The New York Times of March 9 carried an indepth article based on their visit to the New York City career intern program.

Congressman Weiss of your committee has introduced bill H.R. 6743 which, combined with his introductory remarks, describes the achievements and the value of this model. This career intern program, as he points out, has the support of Dr. Michael Timpane, Acting Director of the National Institute of Education.

As he points out, the statistics showed after the 3 years 67 percent of the CIP students as opposed to 13 percent of the control group were in school or had graduated. One year later 71 percent of the CIP students were employed and in college or technical school as opposed to 39 percent of the control group.

The average cost for these career intern programs is $2,300 per student as compared with a cost of $2,700 per student in the public schools. It is less expensive because we utilize more self-help from the community and business.

In the eloquent words of Congressman Weiss, "The CIP can help break the cycle of the no skills, no diplomas, no jobs, and no future for countless young people."

This, Mr. Chairman, is also a program that is designed to save the Federal Government money and promote a pump-priming concept. In Philadelphia the first year in funding was designed for 100 percent Federal money; second year was 75 percent; third year was 50 percent with eventual takeover by State government.

The State of Pennsylvania and the City of Philadelphia Board of Education concurred in the value of the program and the State did in fact buy the program.

Unusual contractual arrangements have been worked out with the Teachers Union as well as the board of education in the cities where this program has been tested.

We know that the bill and this concept will also have bipartisan support as evidenced by the bill H.R. 6671 introduced by Congressman Perkins. I hope that you will give careful consideration to including the OIC model in your final legislation submitted to the House Education and Labor Committee members and to the Congress. We naturally want this model authorized for replication by all other community-based organizations in addition to OIC of demonstrated effectiveness such as Urban League; Operation SER; Operation Mainstream; recruitment and training programs; union-related and employer-related job training programs, all programs of demonstrated effectiveness that can show their ability to do the job and carry on these projects and programs.

We could not close this testimony, Mr. Chairman, without referring directly to the Youth Act of 1980 submitted to the Congress by Labor Secretary Ray Marshall and Secretary of Education Shirley Hufstedler.

We feel that the President and the two Cabinet members directly accountable for dealing with youth unemployment problems have made a positive response to the appeals we have been making in OIC with our Help Our Youth rallies across the Nation and our 1 million petitions delivered to the White House last June. We believe a step has been taken but we believe that extra efforts must be made and legislation must be put in place combining efforts of the public and private sources with the community so we might find a way to deal with the massive growing unemployment of our youth in our cities before it is too late.

I bring you this testimony urging that we realize we are in a state of crisis and emergency and I hope and pray your committee will follow through on the recommendations that are already designed. We are behind you in enactment of laws necessary for the implementation.

Thank you very much, Mr. Chairman.

Mr. HAWKINS. Thank you, Dr. Sullivan. I think you have scored well in presenting the issues and thoughts before this subcommittee. On behalf of the subcommittee, I wish to commend you for your excellent presentation.

I know there will be a number of questions but because of a previous commitment I think Mr. Weiss may be leaving us soon so the Chair at this point will yield to him.

Mr. WEISS. Thank you very much, Mr. Chairman. I have an appointment to testify with Mr. Perkins' subcommittee on the school children summer feeding program. I will be back.

Dr. Sullivan, I want to thank you very much not only for the testimony but for the work OIC has been doing through the years and to give you and OIC full credit for the bill which you generously credited to me for introducing. I have been pleased to do that at your urging and with the encouragement of the chairman.

I am hopeful this will become part of the reauthorization. I think it clearly does provide tremendous potential on the basis of your experience.

Thank you very much.

Mr. HAWKINS. Mr. Jeffords?

Mr. JEFFORDS. Thank you, Mr. Chairman.

We have the windfall profit tax up and I have to reserve a little time but I will be back.

I would like to commend you. It is good to hear from you again. You are always right on target and especially when you mention my bill.

I would like to make a comment of concern. Many of the bills we have, including mine and others, have commitments to additional funding. Although the administration certainly has recognized and has done some good work in coming forward with a program, I am also alarmed that from the signals we get with the budget cuts there are some figures which add up very suspiciously to a cutback from the initiative in this area. I hope those rumors are not true.

If they are true I would hope you would do everything including making comments like you have perhaps on the White House lawn or wherever to try to reverse that feeling.

In the event that cut does occur I can assure you that this committee will probably go forward and do what it feels needs to be done regardless of the fact someone else further down the line may stick it in the bottom drawer. I know the chairman's commitment and Mr. Weiss' commitment and that of other members of the committee.

I want to alert you of that. It is going to take the kinds of pressure that you know has to be wielded in order to get people to reassess priorities and to take into serious consideration the need for this area. I think some of the things you have brought out are accurate in that we cannot, just because it is hard to reassess priorities and to cut other programs, or to do whatever is necessary to make funds available to this program, we cannot let budget cutting end the efforts to try to do new and innovative things in youth employment. That is coming from a Republican.

Let me ask you a couple of questions related to this kind of a problem. You mentioned the utility of tax credits for businesses. I presume that attitude comes about by the need to get employers interested in participating in these programs and also recognizing that from the employer's point of view, in order to justify people being employed, he has to have evidence of some productivity and some advancement to his own economic causes.

There has been concern expressed about having a subminimum wage or employing young people at less than minimum wage. Yet if the realities of budget cuts come down and we cannot get any money for tax credits, then some economists have said it is counterproductive not to allow a subminimum wage.

How do you feel about the use of a subminimum wage in order to attract private businesses to hire. I do not mean subminimum of just 10 cents an hour, but maybe cutting a little bit off of minimum wage. How do you feel about that generally as an incentive to private business to get involved?

Dr. **Sullivan.** I would be hesitant about endorsing a subminimum wage at this time because I think we have not as yet utilized the opportunities that are available for us to deal with the youth unemployment problem.

I think one of the efforts we should deal with and see the extent to which it could be utilized to the maximum is the tax credits program. I think the American businessman really does not know that much about these tax credit programs and he is not going to volunteer to support something that is Government related unless he has a broader understanding of benefits to him and the benefit of himself in his community.

I do not think it can be gotten to him by a directive or an information sheet or request from somebody. I think it has to come from the community up, going to these businessmen and asking them to be a part of a program.

One of the main concerns is the productivity of the young employees and whether it would be worthwhile to engage in a Government program with all the redtape and bureaucracy.

I would be cautious now to recommend or to endorse a minimum below minimum wage.

Mr. **Jeffords.** Are the present tax credit provisions in the law adequate?

Dr. **Sullivan.** I would like to see them increased for the businessman himself. We are talking about $3,000 the first year if my recollection is correct and $2,500 and I think it goes down a chute. I think to the greatest extent that we can provide a tax credit and pass it onto that businessman, the better it is for the chance of this seed. I would lift it up as high as possible, really, to $4,000. That is my own opinion.

Mr. **Jeffords.** My question is, if it is inadequate and we cannot get it raised by the Ways and Means Committee, and we are faced with the proposition of doing nothing or utilizing a subminimum wage, is it better to do nothing or utilize a subminimum wage? These are the kinds of questions we are going to be asked. These are not the kinds of options we would like to have, but they may be the kinds of options we are going to be facing.

Dr. **Sullivan.** We have never actually mobilized the OIC into the community for the interpretation and education and utilization of the tax credits. We intend to mobilize an effort in a community by trying to tie in our jobless youth to private sector employment opportunities and the tax credit program.

I want to see the extent to which I can make that work. In the event that does not work then I will be less cautious about recommending below-minimum wage. As of now I am cautious about giving it consideration.

Mr. **Jeffords.** Thank you. I again want to express my appreciation for your interests and your very articulate way of bringing forward these problems.

Dr. **Sullivan.** I want to congratulate you.

Mr. **Hawkins.** Dr. Sullivan, continuing with that discussion on tax credits, I think Mr. Jeffords had proposed the question if we had the choice between tax credits and the subminimum wage, which would we prefer.

Is there any reason why tax credits should be dismissed as one of the tools we should use? Is there any reason why tax credits would be inflationary or uneconomical?

Dr. **Sullivan.** Absolutely not. I think tax credits can in the long run be economic. It is like a transfer actually of resources into a business and into a social situation instead of funds going down from the Government to subsidize a youngster for employment. You are subsidizing that business for the employment of a youngster for a period of time. It is coming out of the business itself.

The other thing it is doing is providing a resource to a youngster that is tax rebatable itself. Once that youngster becomes employed with a business, he becomes a taxpayer. I think in the long run if you are able to magnify it out, say, to 200,000 or 400,000 youth, it could be called an economic advantage to the Nation rather than a disadvantage.

Mr. **Hawkins.** Some testimony before the subcommittee indicated small businesses were not really acquainted with the tax credit concept. I think you stated that GM and GE and the other large corporations are not the ones that we are most desirous of reaching because they generally have their own training programs and their own employment systems. Rather, it is the small businessmen we should reach.

In your experience do you believe that tax credits as a concept for use in a small business have really been sold to the small businesses? Has there been a tendency not to provide technical assistance or even to spread the knowledge about the use of tax credits in such a way that small businesses are even aware of it?

Dr. **Sullivan.** You have put your finger on the problem. What is required is some technical assistance support in the communities, working through community-based groups or however, so that an education program or interpretation program can go out into the communities and small businesses so they can understand.

The small businessman in America really does not understand or know that much about the tax credit. I think we have a vast opportunity for job creation on a significant scale that has never been used because of lack of information and communication.

Mr. HAWKINS. You indicated and gave great support to the career intern program. This is not really a concept which this committee has dealt with in any of its previous hearings. Would you amplify on the model which I understand is now operating successfully in Philadelphia, particularly with respect to how it is funded and what results have been obtained in terms of the end result of job placement?

Dr. SULLIVAN. A number of years ago when we realized the large numbers of youngsters that were dropping out of school, we felt it was important to develop a program that consisted really of a net for these young people so that instead of dropping out of school into the streets and then into prisons and drugs or whatever, they would drop out into what you would call an alternative school that would work in cooperation with the local school system and the business community itself and the community, providing that youngster, before he drops out into the street or after he dropped out, to get him back as quickly as possible, with motivation, communication, and computational skills. Also to supply him with direction and counseling toward career opportunities, vocational and educational career opportunities in the workaday world or into further education.

We believe that utilizing the OIC method of dealing with the hands, the head, and the heart as well as the spirit of the person, tied into the private sector and the job market, that we can save many of these young people and make them profitable citizens.

We were able to get an old building that was standing idle that was given us in Philadelphia to utilize this experiment. We were able to get the cooperation of the local board of education that assisted us with curriculum material and some equipment. We worked with the businesses. We formed a business advisory committee so we would be training young people who were going into vocational skills to be certain they were being trained in the skill areas for the job in the community and also providing equipment as well as volunteer services and put together an OIC concept to meet the needs of the youngster in school about to drop out.

I talked to a Dr. Marland who was then Secretary of Education about the concept. We met with the NIE. We decided we would have an experiment to see how successful it would be with control groups, those that did not go and those that went to the career program.

After 2 years the findings were the success was three times greater of holding the youngsters, putting them into a job and a career than the youngster who stayed in the traditional school system and had no alternative system like the career intern program.

It was then the Department of Education decided they would further the experiment into four other communities: New York City, Detroit, Seattle, and Poughkeepsie. Again an analysis was made using exacting measurements. The success ratio was three times greater in the career intern program than in the traditional system.

It was on the basis of this kind of analysis from NIE that the recommendation came to the Congress and to America that this is the kind of program America ought to invest in, not only for the future of its youth but for the future of America. It is a program that has worked and has been demonstrated in a number of settings all more or less equally in terms of the success ratio.

The aim would be because community-based groups again relating with the school system itself because it is the kind of program where the first money comes from the Federal Government to initiate the program with a cooperative relationship between the local school systems, the unions, the business community, and the community people themselves.

After the second year 75 percent is supplied by the Federal Government and 50 percent in the third year and then in time it is absolved into the State resources.

You are not carrying it interminally. It rises on the basis of its effectiveness in the community. You are keeping youngsters in school that otherwise would drop out. The cost of keeping them in school—if you keep them in school you are going to have to pay for them anyway with State funds.

We have found that the cost of the CIP is less expensive than the traditional system because we use more volunteer help and more self-help and because of the character of the OIC programs as being as cost effective as we possibly can.

Mr. Jolly is here and perhaps he can add a word or two to what I have said.

Mr. Jolly. The real issue and the real challenge to us was whether or not we could embrace this alternative type program within the framework of the schools. The focus was not to destroy the image of the school but the focus was to undergirth the process and recognize the school is not the answer to all of the problems of all the children. That was our focus.

Once a resolution was passed by the Board, it means records were available to us. We had all kinds of technical challenges, for example, certification of teachers, Carnegie units that could be recognized. A youngster graduates and gets a diploma. There were many kids where we had to go out and recruit them. We had to go to their houses and they came to school with their babies and some were in deep trouble within the corrective systems of our cities.

We were able to bring those youngsters in and give them new hope. We utilized the church and the whole moral aspect of you can do better and we are interested in you and we do care. We put them in a different environment.

We were able to measure the quality of growth of these youngsters. In the control groups within the school, we found that each one of those youngsters in terms of reading, an average of three levels they grew in reading. That was a part of the research.

Every name we pulled went into the CIP and the others went into the controlled situation in the schools. It created serious problems for us because none wanted to go back to school. They all wanted to come to the OIC. None was willing to go back to school.

We were able to let them know how important this was. We took this project on because of its importance and its potential for replication. When they understood that and that they would be helping other youngsters then they agreed to go back to the schools and be a part of the controlled group.

We went to New York and we did get an agreement with Mr. Shanker. We worked it out. Our focus was on those youngsters.

It was this kind of intensive involvement that points out that the CIP is a very relevant alternative program and it can help these kids to achieve and really get into the world of work.

Dr. SULLIVAN. I might add we deal very closely with the family. It might even be a foster home. Many of these youngsters come out of divided and split homes and some have no homes at all. You find almost as a corollary between a youngster who has no real home and the dropout rate in this country. It is amazing.

We find wherever that home is and whatever it consists of, whatever that community environment is from which he comes, we bring that and make it a part of the process so that it is not just something that happens in a situation of a building but it is what happens also around that building.

We know the intern program works. We know it is cost effective and less expensive than the traditional system. We believe it can work in every community in this country as an alternative mechanism.

It will be a challenge to the public systems during a period so they will readapt their programs to fit the broader needs of the educational needs of our youngsters.

Mr. HAWKINS. Thank you, Dr. Sullivan.

Perhaps at this point we might call on Mr. Jolly to introduce the other panel members. Mr. Elton Jolly is chairman of the National Youth Advocacy Coalition in New York City. I understand Mr. Manuel Bustelo is the executive director of the National Puerto Rican Forum and vice chairman of the National Youth Advocacy Coalition.

Dr. Sullivan, we would like to again acknowledge your contribution this morning. I recall when I first met you that you were operating almost as a church institution in Philadelphia. I think for a long time you did not even accept any contribution of governmental assistance of any kind.

I want to express admiration that even though you have been recognized in subsequent years by governments to do a specific job that you have never compromised your principles. You are still operating with the highly motivated type of program that I originally knew when I walked through some of the facilities with you in Philadelphia. It is a great inspiration to us.

Dr. SULLIVAN. Thank you, Mr. Chairman. You were an inspiration to me and to all of us.

Mr. HAWKINS. Mr. Jolly, we will now have you introduce the panel.

STATEMENT OF ELTON JOLLY, CHAIRMAN, NATIONAL YOUTH ADVOCACY COALITION

Mr. JOLLY. Mr. Chairman, my name is Elton Jolly and I am the national executive director of the OIC's of America. Today I have the distinct privilege of changing hats and appearing before you as the chairman of the National Youth Advocacy Coalition, which is a volunteer association of 19 youth serving community agencies which are the National Child Labor Committee; OIC's of America; the National Puerto Rican Forum; Camp Fire Girls; United Neighborhood Centers of America; N.Y.C. Mission Society; National Manpower Institute; National Urban League, Inc.; Jobs for Youth, Inc.; Vocational Foundation, Inc.; National Youth Work Alliance; Girls Club of America, Inc.; Rural New York Farmworkers Opportunities, Inc.; National Alliance for Business; Center for Community Change; SER-Jobs for Progress, Inc.; National Council of La Raza; Citizens Policy Center; and 70001 Ltd.

This does not include some 45 or 50 participating agencies when we convene our meetings above and beyond these.

I took the time, Mr. Chairman, to read the names because most of these agencies have never worked together until the coalition was formed last spring. We are still growing.

Two agencies have joined in the past 2 weeks. We are still learning about each other.

The written statement is a broad concensus document and its words are the language of compromise. I do not want the tone of the document to obscure the most remarkable fact that these 19 diverse and sometimes competitive organizations have joined together because we share a concern for the youth of this country.

We rise in opposition to the forces which want to sacrifice kids on an altar of fiscal responsibility.

I also want to commend this committee for its efforts on behalf of the poor and unemployed.

The budget cuts for youth programs which have been reported in the papers will have terrible consequences and the National Youth Advocacy Coalition cannot support cuts in existing youth programs. The country cannot turn its back on our children in the name of a balanced budget.

We will pay many times over for income maintenance, remedial programs, and the inevitable social disruption. It is inhuman and a poor investment to reduce efforts to help unemployed youth. It is a cruel trick to offer a major new youth initiative and to propose to cut the existing programs in half.

Commonsense says we should continue the proven programs that are a part of the youth employment development programs.

Today with me I am pleased to have as a part of the coalition and who will be sharing this testimony with me, Mr. Manuel Bustelo who is the vice chairman of the National Youth Advocacy Coalition and who is the national executive director of the National Puerto Rican Forum. We also have Mr. Robert McAlpine who is the associate director for congressional relations with the National Urban League, Inc. We have Ms. Mary DeGonia who is the policy analyst with National Youthwork Alliance. We have Mr. Jose Galvan who is director of youth programs for SER-Jobs for Progress, Inc. We have Ms. Patricia Nooy, executive director of Jobs for Youth, Inc. in New York and Ms. Mildred Wurf who is the Washington representative of Girls Club of America and coordinator for the National Coalition for Youth.

We also have members of our executive committee, Mr. George Carson and Mr. Jeff Newman and others who are participating and who are here in the spirit of our testimony.

At this time I am going to ask Mr. Manuel Bustelo to give the principles upon which the coalition was founded.

STATEMENT OF MANUEL BUSTELO, VICE CHAIRMAN, NATIONAL YOUTH ADVOCACY COALITION, AND EXECUTIVE DIRECTOR, NATIONAL PUERTO RICAN FORUM

Mr. BUSTELO. Thank you, Mr. Jolly.

Mr. Chairman and members of the committee, I will try to briefly enunciate 13 key points that should form the basis of any legislation which is passed.

Community-based organizations and their participation is the first point. Legislation should require prime sponsors and Federal funding agencies to have full participation of CBO's in planning, resource allocation, research, monitoring, and delivering of services to youth.

There must be continued funding and support for CBO's of demonstrated effectiveness as well as investment in new and developing CBO's which evidence youth service commitment and capability.

Existing and expanded linkages and program coordination should be mandated at the Federal and local levels in order to insure comprehensive programs to high risk youth.

New legislation offers an opportunity to encourage cooperative efforts by schools and CBO's. While schools are not adequately serving young people with special needs, community-based organizations do not intend to replace the regular school system.

We must establish cooperative relationships in which support services can be provided by CBO's within the framework of the public school. Such services will help prevent dropouts and help prepare young people for the world of work while they learn basic skills.

Realistic accountability standards should be equally and consistently enforced for all organizations providing employment and training activities including community-based organizations, educational institutions, prime sponsors, and the private sector.

Youth employment and training resources should be targeted to those youth most in need who are socially and economically disadvantaged such as offenders, drug and alcohol abusers, teen parents, youth with language barriers, and handicapped youth.

Comprehensive individualized prescriptive coordinated services should be provided to youth facing severe economic, social, or physical barriers in order to increase their overall employablity. Opportunity for youth and family involvement should be provided in all phases of comprehensive youth employment and related services.

Time and time again we find that high risk youth with special needs do not fit a particular program and after moving through a variety of services they fall through the cracks with their needs unmet. The only way to insure that these young people are well served is coordinated service delivery and adapt programs to meet their needs.

By involving young people and families in the planning process for such services, service providers can be more confident that the programs are designed around the needs of the recipients.

Language difficulties should not be a barrier to entering into training or employment. Legislation should promote basic language training designed to prepare youth for comprehensive employment services and employment.

Permanent legislation should be developed to meet society's responsibility to insure that all young persons are provided education, work experience, skill achievement, and support systems necessary to become productive adults. Such legislation should eradicate the barriers encountered by structurally unemployed and hard-to-employ youth.

There should be a 5-year authorization and a 2-year appropriation for youth employment legislation.

Legislation should also require programs to collect, analyze, and disseminate qualitative and quantitative data on the specific ethnic and cultural needs of youth and on the methodologies that best serve them.

Youth employment legislation should embody simple effective implementation and reporting procedures.

The law should create a National Commission on Youth Employment.

Legislation should provide financial support to build and strengthen existing and alternative organizations and institutions to increase their capacity for providing quality employment, training, and supportive services to youth.

Incentives and flexible programs should be mandated to insure motivation for greater participation of private sector employers in work exposure, training, and employment of disadvantaged youth.

A few weeks ago Americans were bursting with pride because of the extraordinary achievements of our young athletes. These young people proved that they could overcome the odds if only they were given the opportunity. There are millions of young Americans who are awaiting opportunities to learn and to work. If given the opportunity they will respond with Olympian determination.

Thank you, Mr. Chairman.

Mr. HAWKINS. Thank you.

Mr. JOLLY. Mr. Chairman, I would ask at this point in terms of our agencies, if they would just give a summary as we are having testimony over on the Senate side and we would ask them to give a brief statement of some of the aspects of the position the coalition has taken.

I am going to ask if the Chair would allow Mr. Robert McAlpine to discuss the Urban League's position on this.

Mr. HAWKINS. Mr. McAlpine, you may proceed.

STATEMENT OF ROBERT McALPINE, ASSOCIATE DIRECTOR FOR CONGRESSIONAL RELATIONS, NATIONAL URBAN LEAGUE, INC.

Mr. MCALPINE. Thank you very much. I would like to say good morning to Mr. Hawkins and commend Mr. Hawkins and his committee for taking the initiative as he usually does to put forth such programs which are necessary to correct some of the problems in our country.

I certainly will be brief but I would be glad to elaborate on any of the points that I mention to you in my summary.

Title II of the administration's initiative should be targeted to elementary school students. We feel there should be greater emphasis in this whole attempt to solve the problems of unemployment among teenagers that some of the basic fundamental training and skills need to be developed at the elementary level.

The role of the community-based organizations should clearly be determined. It is very important that all of the necessary components of the program to help to eliminate this outrageous problem among teenage unemployment clearly understand the roles of the individual entities.

Title I of the youth employment and training program is underfunded. We recommend additional funds in order to solve the problems.

The maintenance of effort provisions should be retained so that prime sponsors do not reduce funds under any other titles.

The eligibility standards for participants in youth employment and training programs should be expanded to include youth ages 21 through 24. That is very important in the black community and I would expect it is has greater importance in the Hispanic community.

Specific equal employment opportunities and affirmative action guidelines must be included and apply to any new youth initiative. Thank you.

Mr. JOLLY. Mr. Chairman, at this time I am going to ask Mary DeGonia who is the policy analyst with the National Youthwork Alliance to give us a brief summary.

STATEMENT OF MARY DeGONIA, POLICY ANALYST, NATIONAL YOUTHWORK ALLIANCE

Ms. DEGONIA. Thank you, Mr. Chairman, for the opportunity to testify today.

I am Mary DeGonia. I represent the National Youthwork Alliance. We represent 24 State and metropolitan youth advocacy coalitions throughout the country. Our coalitions in turn represent about 1,500 diverse community agencies that work with youth.

I would like to call your attention to particular provisions for high-risk youth that we would like to see in the legislation. We are particularly concerned that youth employment resources be targeted to not only those youths who are economically disadvantaged but also those who have social disadvantages, such as youth who are offenders, drug and alcohol users and teen parents.

Currently, under program YATD, there is less than a 6-percent offender ratio in YATD programs. In YCCIP it is only 12 percent and we feel that is not adequate.

We would like to see coordination on youth advisory councils with existing Federal resources that are targeted to deal with high-risk youth, particularly juvenile justice authorized programs. We would like to see members of juvenile justice planning units on a State and a local level participate in youth employment planning councils to coordinate resources to those youth.

We would like to see Federal incentives for servicing high-risk youth. We appreciate the provisions the administration provides for servicing high-risk youth and to basically reward prime sponsors for servicing high-risk youth.

We are very concerned that the legislation, and regulations after the legislation, address the comprehensive needs of youth and when employability development plans are developed, that they include the supportive services that are needed for those youth to really make it through a program so we do not see them again in a year because their total services have not been provided for.

In employability development plans, if a prime sponsor identifies needs such as child care or transportation for youth and if they do not provide those services we would like to have the prime sponsor justify why those services were not provided.

We would like to see a note on the budget. Currently the rumors are the administration is considering cutting out 500,000 jobs for summer youth employment. It looks like the effect on the inflation rate of cutting summer jobs and other existing programs will be minimal and this is more symbolic gesture. We at the National Youthwork Alliance feel cutting jobs of 500,000 kids during the summer is one hell of a gesture. That symbology is just not warranted.

Thank you.

Mr. JOLLY. Thank you. We would now like to hear from Mr. Jose Galvan who is director of youth programs for SER.

STATEMENT OF JOSE GALVAN, DIRECTOR, SER-JOBS FOR PROGRESS, INC.

Mr. GALVAN. Thank you. Good morning, Mr. Chairman and members of the subcommittee. I thank you for the opportunity to bring you the views of SER-Jobs for Progress representing 130 local projects across the Nation primarily serving the Hispanic population.

One of the concerns we have with the various youth legislation is that, obviously, because the Hispanic population is a very young population that is one of the hardest areas we are hit with and any policy decisions that are made as to how unemployment would be impacted does affect Hispanic youth severely.

Hispanic youth have the highest dropout rate across the Nation of all youth. We would like to think it is more of a pushed-out rate rather than a dropout rate. We feel the system does not quite meet the particular needs of the various Hispanic subgroups.

The language barrier is another concern that SER has. It is difficult enough for young people to work within the educational system and to enter the labor market without in addition having to cope with, for the most part, limited English-speaking ability in an English-dominant society.

One of the things that possibly has not come up is the fact that we continue to deal with, or have to address, the issue of age and racial discrimination as it affects youth employment. Employers discriminate against young people because they are young people. They discriminate against young people, in addition to the fact that they are young, because they may be of a certain ethnic group or a certain race. These are very definite barriers that exist with young people trying to secure employment.

The one thing I would like to stress before the chairman and the subcommittee is the fact that no one approach will solve the problem of youth unemployment. I think what we have to work with is a diversity or a variety of approaches that can impact directly the diversity of youth unemployment problems or employment problems and even more so as they affect the diversity of Hispanic subgroups across the Nation.

I think we have studied and researched the problem to death. Yet we still do not know, or have a good working knowledge of, the specific needs or the specific problems of Hispanic youth as it relates to employment.

The OIC has, and the Urban League has, and the Puerto Rican Forum has, and SER has models that work at the grassroots level. These models like the Job Corps program and the career intern program or the alternative high school program, the school to work transition program, all of these programs in the past couple of years have demonstrated through community-based organizations they can have an impact on youth employment.

We would like to see them replicated and become other than demonstration programs but become effective programs. Thank you.

Mr. HAWKINS. Thank you.

Mr. JOLLY. Ms. Patricia Nooy, executive director for Jobs for Youth, Inc., New York.

STATEMENT OF PATRICIA NOOY, EXECUTIVE DIRECTOR, JOBS FOR YOUTH, INC., NEW YORK

Ms. NOOY. Good morning, Mr. Chairman and members of the subcommittee.

I would like to comment a little further on the range of services which some of my colleagues have referred as a reflection of the coalition's concern for all of youth.

We as a coalition recognize that various ethnic and age groups face different barriers to employment and that each of our programs offer a slightly unique or slightly different service in many cases and has a role to play in serving those youth.

For example, the kinds of services you would provide to a 16-year-old high school dropout are job skills, work-related reading and math and at the same time you would provide a different kind of service to an 18- or 19-year-old who was an experienced entry level worker and is ready to take advantage of the training opportunity.

Toward this end we are pleased to see that the legislation seems to indicate some recognition of this and specifically we would like to insure that procedures the legislation passes on are flexible so youngsters can move from one program to another as they advance in employability skills and in employment situations.

We would like to see in the legislation the recognition of the different kinds of outcomes you can expect from a certain kind of service. Employability is one bottom line, employment itself. Learning a particular work-related skill is another. We would like to see different outcomes for different programs.

In line with that we feel a very strong need that the community based organizations must participate in defining what those benchmarks are. They have to be real and they have to be practical. Thank you.

Mr. JOLLY. Our final comments will come from Ms. Mildred Wurf who is the Washington representative for Girls Clubs of America and coordinator for National Coalition for Youth.

STATEMENT OF MILDRED KIEFER WURF, WASHINGTON REPRESENTATIVE, GIRLS CLUBS OF AMERICA, AND COORDINATOR, NATIONAL COALITION FOR YOUTH

Ms. WURF. Mr. Chairman, we are happy to be here today to deal with what we all understand is one of the major problems facing our country.

We are here as part of a coalition. It is a new coalition and it is still finding its way together, and as we came to meet just a week ago before we knew we would be testifying, we talked about how do we address the question of how do you balance the Federal budget.

I must say as we talked further about this, we realized that was not really our question. That seems to us to be a candidate's question in response to what is perceived as the psychological need of people to balance the Federal budget.

We are at least glad to know that is now being talked of in terms of the fact that a commonly accepted measure of a 10-percent reduction in the Federal deficit might mean one-tenth of 1 percent difference in the inflation rate. We see this as not a problem to which we can speak.

We are speaking on behalf of the young people of our country and we are saying even as voices are raised on behalf of the other major interests of our country be they oil, farm, defense, voices must be raised on behalf of our Nation's young people.

We are here to say we are advocates on their behalf. We are speaking to the absolutely serious problem that will result if these hundreds of thousands of young people remain unemployable. These people are going to grow up. They are not going to disappear.

They are going to be maintained in some fashion by our Nation; how much better to have them productive and earning their own keep and able to find work and able to do useful work.

It is from that perspective as advocates for youth who have so long not been advocated for in a broad way that we speak today.

As a representative of the Girls Clubs of America I want also to add a particular point. As I sit here and as I sit in all meetings I really have a mental picture and perhaps it is unfair. I am sure when we speak of youth employment to many of the congressmen and decisionmakers, youth means young men. It is almost always visualized as minority young men standing around on the street corner. That is a serious problem.

At least as serious a problem are young women and I suppose more than half of the unemployed young people are young women. There are very different problems affecting young women.

I am sure you are familiar with the fact that at this time probably 40 percent of black families are headed by females. I think it is equally important to keep in mind a fact that I found very startling—60 percent of the women on AFDC rolls entered those rolls at teenagers. That is a sheer clue or more than a clue, it is a cry that something must be done at the point to break the cycle.

Young women are still being brought up as what the Women's Bureau in the Department of Labor used to call the Cinderella syndrome. I find this impossible to believe but it is the fact that a great many young women are still being raised to think somehow or another the prince is going to come along and take care of them and it is not

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necessary to get those skills to take care of themselves and face all the facts.

That is the way schools, teachers, and counselors let the world go on.

We feel it is very important that there be recognition that young women need different kinds of services. They need to have role models who are employed productive women. They need to have the counseling and guidance that makes them aware of the kinds of job opportunities there are and it helps them accept the reality that they have to be able to take care of themselves and to make decisions about their own lives and to have skills so they can support themselves and, in all too many cases, their families as well.

We can speak to a number of examples in the organization I have worked with particularly, the Girls Clubs of America where really a very little amount of Government money has enabled us to establish services in communities that made a difference in the lives of girls. We will be glad to submit for the record some of those examples.

The one that is most startling is a public housing project where we have been able to establish a neighborhood center or girls' club in the past 2 or 3 years primarily with juvenile justice money but featuring career awareness as the major kind of program that is offered.

The striking fact when we first went to that project was the 11-year-old schoolgirl pregnant and proud because her grandmother had praised her for bringing in the potential of $84 in cash a month once she had her baby.

We now know 2 years later in that same project where there had been a 20- or 25-percent average pregnancy rate amongst teenagers, none of the girls who have been involved in the program, the career awareness program run by that girls club, none have become pregnant in the past 10 months. That is where you really make the difference and where you really give girls the opportunity to become productive people and to contribute to the welfare of their community and to take care of themselves.

It is with this kind of recognition that funds provided to cause our kinds of agencies to go out and really tackle the problem where it is and to work providing those support services, it is not always job placement. It is the support services and the employability training that really can make the difference in the future. This is the important place to put Federal resources as far as we see it in this time of a really great crisis. Thank you.

Mr. JOLLY. Mr. Chairman, if I could just exercise a very important point, I would like for Mr. Bustelo to give you a brief idea of one of our hardest hit ethnic populations, the Puerto Ricans. I would like him to give you a brief summary of some of his findings.

Mr. BUSTELO. Mr. Chairman, I represent the group as national executive director of Puerto Rican Forum. That is the most socially and economically disadvantaged group that is identifiable as an ethnic group in the mainland United States.

Just to give you an idea of the medium U.S. family income in 1978 according to the U.S. Bureau of Census current population reports for all U.S. families is $17,640. For Cuban-American families it is $15,326. For Mexican-American families it is $12,835. For black families it is $10,879. For Puerto Rican families it is $8,282 which is less than half the medium family income in America.

This affects our young people because Puerto Ricans have the youngest median age in the mainland United States, 20 years old. In the 16 to 19 age group, while 37 percent of the young Puerto Ricans remain in school only 18 percent of the Puerto Rican males are still enrolled in school.

As an example there was a study made in Chicago and the dropout rate for Puerto Ricans in grammar and high school was 71.2 percent. The study indicated that 12.5 percent dropped out in grammar school while 58.7 percent dropped out in high school.

The typical mainland Puerto Rican has completed only 8.7 years of schooling. Forty-nine percent of Puerto Ricans ages 16 to 21 are not in school and are not in the labor force. Schools with heavy Puerto Rican enrollment have much lower reading averages than predominantly black or white schools. At every level in reading the Puerto Ricans were behind the other two groups.

Between 1971 and 1975 Puerto Rican students ages 9 to 17 performed below the national means of achievement tests in five areas: reading, science, mathematics, career development, and occupational development.

Puerto Rican youths have the least labor force participation in this Nation and the highest level of unemployment of all ethnic sectors inside and outside of the Hispanic community.

I am sure this committee will agree, Mr. Chairman, this is a crisis situation that requires special targeting and special emphasis and very specific programs. Thank you.

Mr. JOLLY. Mr. Chairman, in summary, may I suggest that I do not know of anywhere in America where you have the broad representation of service deliverers who have come together as we have come together because of our concern for America.

I believe Dr. Sullivan and others have gone into some of the socioeconomic kinds of constraints we have and we share your concerns. We know there is legislation in place and by the time it gets through the systems and it trickles down to the people who are supposed to benefit, you are not getting 4 cents on $1 in terms of direct impact.

The question we continue to raise is if traditional programs cannot help us, we ought to be able somewhere to help ourselves. There is as you can see a restlessness in this country. I think it is positive that we have this kind of restlessness because we have a lot of talk about what ought to be done and creations of agencies is growing but when it gets down to who is really doing it and who is bringing the kind of change, we can see little or no results.

It is this kind of restlessness that has brought us together above and beyond our moving with our independent agencies to help solve these problems and to take a look at what is happening in America to our youth and what really can be done.

We make an appeal to this committee to take a very hard look at the legislation and find ways to undergird a process that will allow alternative programs to support the traditional programs that are there so we can begin to achieve this objective of making every boy and girl in America a competitive citizen of this country.

We want to thank you for this privilege. If there are any questions we would be pleased to answer them.

Mr. HAWKINS. Thank you, Mr. Jolly and our thanks to the panel individually and collectively.

Inasmuch as the panel represents a coalition group, and in order to get it a little more clearly in focus as to the weight of the testimony, could I ask several questions in a broad manner without necessarily soliciting individual responses from everyone.

Are we to understand from the thrust of the testimony that there is agreement on building on existing programs that have proved successful rather than scrapping them and starting anew? Is that a general statement that most of you would agree with?

Mr. JOLLY. That is correct.

Mr. HAWKINS. With respect to targeting, some of you have indicated rather strongly the need to target and yet one of the 13 principles, as I read them on page 4 of the statement, is "We support legislation which establishes family income and eligibility for participation in youth employment programs at or below 85 percent of the lower living standard with a 10-percent waiver for youth who are in need."

Several of the proposals including the chairman's proposal has it at 70 percent with a 20-percent waiver. Is there any flexibility among the different groups or do all of you agree to the 85 percent of the lower living standard as the cutoff point?

Mr. JOLLY. I think that figure is subject to negotiation. We are not hard fixed on that.

Mr. HAWKINS. My third point is on page 3 of the statement in terms of linkages. "We must establish cooperative relationships in which support services can be provided by CBO's within the framework of the public schools." This opens the direct question of, are you suggesting that the funds be channeled through the schools to the CBO's, or are you entertaining the idea that a more direct method might be employed, or several methods of funneling the funds might also be considered rather than funneling moneys through the existing framework?

Mr. JOLLY. That statement indicates a framework of cooperation but we suggest your latter statement—that it should be a more direct approach in terms of alternative schools.

We think there has to be some tie-in to be sure there are not dual systems out there but there are alternative programs in support of the schools. The process by which that money should go should be one that would free the agencies to do their work and not get bogged down in accreditations and certifications and requirements that have very little relevance to instructional methods for youngsters.

Mr. HAWKINS. Mr. McAlpine?

Mr. MCALPINE. The National Urban League is seriously concerned about the heavy emphasis by the administration on the education system to solve the unemployment problem.

As you well know the education system has failed black students for years. We do not think the education system is the answer or that the greatest emphasis should be the funding to the education sector.

We are in difference with the administration's emphasis as far as the education component. There are other things that we support in their bill but we are in disagreement that the emphasis of solving the problems of jobs in this country should be heavily funded through the education system.

Mr. HAWKINS. You do not reject the idea that where it is possible to work within that framework, on a cooperative basis, that should not be done?

Mr. McAlpine. You are right, Mr. Hawkins. We do not have any problem with that.

Ms. Wurf. I would like to respond to that from the point of view of the Girls Clubs and the other agencies which are usually perceived as the national traditionally serving agencies with whom we work.

In response to the feelings of a lot of our local program operators whom we gathered in January to discuss what were then the specifications sent out by the White House, we saw that the importance of these kind of linkages was crucial. We have made the suggestion that there be, for the moneys described for in-school youth through the education component, that there be a set-aside for community-based organizations to provide support services for those in-school young people and the districts that would be targeted as receiving extra support.

Those support services range in all the different kinds of things that all of us have been saying here today. It might be alternative school setting, or counseling, or working on an individual basis, or child care, or any of the numbers of kinds of services you provide meeting the needs of the young people where they are. That is a process we would suggest to establish the linkage more strongly and to be sure the community-based organizations are part of the service provided to in-school youth.

Mr. Hawkins. Thank you.

Mr. Jolly. It is very hard to be honest without creating enemies. This coalition is very sensitive about wanting to tell the truth but yet not to polarize. We are not in the business of trying to remove school systems. We are in the business of trying to improve their process. We feel as a coalition that we want to be catalysts for change.

There are some short-term things that need to be done. Sometimes you cannot change by working through. You have to work directly and be the kind of catalysts that will get people's attention in terms of what can be done.

Many school systems across America are talking about why something cannot be done as opposed to dealing with how we can solve these problems. There is an increasing attrition rate and increasing illiteracy and someone has to put a finger in the dyke to get that done. I am convinced that is a process issue that needs to be discussed in terms of how funds will flow.

We, as service deliverers, ought to be free to be able to be a catalyst for change and to improve the school systems in 3 to 4 to 5 years and whatever that process might be, without developing a broad national polarization saying the coalition is against school systems.

We are against the bottom line results: more illiteracy, more dropouts, more kids that are not prepared and not properly trained.

The schools are the basis by which all of our youngsters are guaranteed an education. We do not want to interfere with that but we want to improve it.

Mr. Hawkins. Mr. Jeffords?

Mr. Jeffords. Thank you, Mr. Chairman. Unfortunately I have to leave. I would like to ask if this was sort of what you were saying in the sense of the educational system that before we pump more money in we have a linkage between the jobs and the educational side so that the experience on the job side can be translated into the problems of the education side in order to get some of those problems corrected.

Is that correct?

Mr. JOLLY. That is correct.

Mr. JEFFORDS. There was a statement that we ought to expand the universe from 85 percent of BLS to 100 percent of BLS. Assuming limited funds, would it be better to leave it at 85 percent or allow the 100-percent level to be used assuming you are not going to be able to serve anybody even at the 85-percent level?

Mr. JOLLY. Eighty-five percent of what?

Mr. JEFFORDS. BLS.

Given if you use 85 percent of BLS, we are not going to have enough funds to service that group. Would it be better to leave it there or are you saying it would be better to increase the universe to 100 percent and serve in a sense less of the 85 percent population?

Mr. JOLLY. Mary?

Ms. DEGONIA. We are not suggesting that it be moved to 100 percent.

Mr. JEFFORDS. What role if any should the States play in a linkage if you get the local school systems and the CETA prime sponsors, et cetera working together? Should the State have any role in signing off on these agreements or linkages or should you leave them out as outside observers?

Mr. JOLLY. That is a very serious issue. We see at every level of involvement sign off, if you will, which suggests authority and approval. We see that as a bogging-down element. There ought to be a more direct approach so that we can get to the business of helping the youngsters.

What happens with an agency such as ours is we get killed around the whole matter of accreditation and certification and duplication of services. I am not saying the State should not have a role.

I think the responsibility if we were in a position to go in as a condition of funding and get the relationship established but where the process allows us to carry the bucks and where we can deal with the incentives, I think we are more likely to succeed.

If it goes the other route where it comes from the State to the locals and by the time they finish we will have more balanced budgets and in the words of Shirley Chisholm, we will have more teacher-subsidized employment and other things around a regressing tax base that will have nothing to do with it because it is the same trickle down theory and this time it will not be 4 cents on the dollar but 2 cents on the dollar.

I would like to remind the committee that we have been talking about this problem for 40 years. We are talking about it again today. In 1990 we will be talking about the same problem if you do not let us somewhere along help ourselves. If the traditional systems cannot help us, give us an opportunity to help ourselves. Do not bog us down with that routine of things flowing.

If there is some way where we can take the ball, the value of the CIP system and I am speaking now of the OIC operation was that the money was to us and it was less likely that we would run into difficulty getting resolutions approved by the Board. If it comes to them, we will not even get an invitation. That is what we are concerned about.

We need a process that will allow alternative schools to operate and they need to operate now and not 2 years from now and not 3 years from now and not when we get involved in the whole paralysis of analysis and our kids are dying on these corners.

You have to find a way to let us carry the ball. We are service deliverers. We know where those kids are. We are with them every day on the corners.

Mr. JEFFORDS. Thank you.

Mr. HAWKINS. Mr. Jolly, you and I were the only two in this room who were talking about this 40 years ago.

The Chair would like to express the appreciation to the panel. I think you have conveyed your message very well and you have been most helpful. I am sure through the staff we will be keeping in touch with you as we try to develop a solution in the legislation before the committee.

Mr. Corrada, who is a member of the committee, could not be present today and he asked the Chair to ask a series of questions of Mr. Bustelo. In view of the time I think I will submit the questions to you, Mr. Bustelo. You may at your convenience and as quickly as possible respond and answer the questions of Mr. Corrada.

Mr. BUSTELO. Mr. Chairman, we will do that. We would also ask or request that the record remain open for as long as is possible so that the individual agencies may submit some of their particular ideas.

Mr. HAWKINS. Without objection the record will be kept open for 10 days for other statements or any other statements to elaborate on some of the questions raised.

We thank you for your participation. The meeting is adjourned.

[Whereupon, the subcommittee was adjourned at 11:10 a.m. to reconvene at the call of the Chair.]

[Material submitted for inclusion in the record follows:]

NATIONAL YOUTH ADVOCACY COALITION,
New York, N.Y., April 10, 1980.

MEMORANDUM

From: Ken Nochimson, National Coordinator.
Re: Testimonial information.

For your information, enclosed is recent testimony presented to the House of Representatives Subcommittee on Employment Opportunities and subsequent recommendations developed by the Coalition.

PREPARED STATEMENT ON YOUTH LEGISLATION BY THE NATIONAL YOUTH ADVOCACY COALITION

Thank you for the opportunity to appear before you this morning. Our joint appearance here is a historic occasion. Though each of us represent our own organizations and will respond to questions regarding specific needs of our clients, we come here today as a united coalition of nineteen different and varied organizations, speaking with one voice, about a crisis which has bonded us together. That crisis is the extraordinary number of young people who are out of school, out of work, and almost out of hope of functioning as responsible, productive citizens. Those young people are our clients and they are your constituents. Our member organizations serve millions of young people in all fifty states. For the record, a list of our organizations is enclosed. But with all of our programs, the demand has become greater than the supply. With drop-out rates at 45% and higher in urban areas, with students graduating without basic skills, with private sector resistance in hiring youth and insufficient programs to provide transitional services, we join together today to tell you that present resources are inadequate and uncoordinated and unless we mobilize our resources and redouble our commitment, we are facing social dynamite. Unless the energies of our youth are channeled constructively and opportunities offered to them to permit them to competent, independent, and socially responsible citizens, we are in danger of creating a permanent under-class that will become hopelessly dependent upon costly rehabilitative and maintenance services.

In his State of the Union Message, President Carter was right on target in establishing youth employment and training programs as his Administration's major domestic initiative. We urge the Congress to do the same by enacting comprehensive youth legislation with adequate appropriations to address this crisis.

As a Coalition, we are not here today to support a specific bill. We are here to state what we believe are essential elements for any legislation which is enacted. After Manuel Bustelo, Vice Chairman of the Coalition, enunciates those recommendations, we will be glad to respond to your questions. It is hoped that this will be the beginning of an ongoing dialogue.

One final point. Our testimony today stresses cooperation and coordination. We intend to work with the public school system. We welcome the help of the private sector. We want to develop programs in conjunction with community needs. No single agency can effectively address this crisis. We must be willing to plan and implement programs in a coordinated fashion or our young people will suffer and so will our Nation. We stand ready to cooperate and ask others to do the same.

Briefly, I will enunciate thirteen key points that should form the basis of any legislation which is passed.

1. *Community-based organizations participation.*—Legislation should require Prime Sponsors and Federal funding agencies to have full participation of CBOs in planning, resource allocation, research, monitoring and delivering services to youth. There must be continued funding and support for CBOs of demonstrated effectiveness as well as investment in new and developing CBOs evidencing youth service commitment and capability.

2. *Linkages.*—Existing and expanded linkages and program coordination should be mandated at the Federal and local levels in order to ensure comprehensive programs to high risk youth.

New legislation offers an opportunity to encourage cooperative efforts by schools and CBOs. While schools are not adequately serving young people with special needs, community based organizations do not intend to replace the regular school system. We must establish cooperative relationships in which support services can be provided by CBOs within the framework of the public school. Such services will help prevent drop outs and help prepare young people for the world of work while they learn basic skills.

3. *Program accountability.*—Realistic accountability standards should be equally and consistently enforced for all organizations providing employment and training activities, including community-based organizations, educational institutions, prime sponsors, and the private sector.

This point is critical. When children fail, there is a tendency to blame them. We believe that the organizations responsible must take the burden of responsibility. By establishing realistic accountability standards, the ineffective programs will be identified and eliminated while the sound programs are continued, expanded, and replicated. If the Congress offers adequate resources, we are willing to be held accountable for the services provided.

4. *Targeting.*—Youth employment and training resources should be targeted to those youth most in need who are socially and economically disadvantaged such as offenders, drug and alcohol abusers, teen parents, youth with language barriers and handicapped youth.

Toward that end, we support legislation which establishes family income and eligibility for participation in youth employment programs at or below 85 percent of the lower living standard with a 10 percent waiver for youth who are in need but do not meet such income requirements and a total exemption for youth who are handicapped, involved with juvenile justice system or teenage mothers. Such requirements will truly serve the hardest to employ.

5. *Service provisions.*—Comprehensive individualized prescriptive, coordinated services should be provided to youth facing severe economic social or physical barriers in order to increase their overall employability. Opportunity for youth and family involvement should be provided in all phases of comprehensive youth employment and related services.

Time and time again we find that high risk youth with special needs do not fit a particular program and after moving through a variety of serivces, they fall through the cracks with their needs unmet. The only way to insure that these young people are well served is coordinate service delivery and adapt programs to meet their needs. By involving young people and families in the planning process for such services, service providers can be more confident that the programs are designed around the needs of the recipients.

6. *Language barriers.*—Language difficulties should not be a barrier to entering into training or employment. Legislation should promote basic language training designed to prepare youth for comprehensive employment services and employment.

There are a number of several structural changes that should be adopted in any new legislation which will allow for a comprehensive and long term approach to address the youth employment problems which will be with us for some time to come.

7. *Maintenance of youth employment system.*—Permanent legislation should be developed to meet society's responsibility to ensure that all young persons are provided education, work experience, skill achievement, and support systems necessary to become productive adults. Such legislation should eradicate the barriers encountered by structurally unemployed and hard to employ youth.

8. *Multi-year funding.*—There should be five-year authorization and a two-year appropriation for youth employment legislation.

9. *Data collection.*—Legislation should require programs to collect, analyse and disseminate qualitative and quantitative data on the specific ethnic and cultural needs of youth and on the methodologies that best serve them.

10. *Administration.*—Youth employment legislation should embody simple, effective, implementation and reporting procedures.

Too much paperwork prevents service deliverers from helping young people and creates a bureaucracy to process the papers. We feel strongly that documentation can be effected without masses of irrevelant paperwork if service deliverers are allowed to participate in the development of such instruments.

11. *National Commission.*—The law should create a National Commission on Youth Employment.

Any bill passed should create a National Commission on Youth Employment. Such a Commission should be well structured and have the authority to coordinate services at the federal level as well as serve as a catalyst for change.

12. *Technical assistance.*—Legislation should provide financial support to build and strengthen existing and alternative organizations and institutions to increase their capacity for providing quality employment, training, and supportive services to youth.

13. *Private sector.*—Incentives and flexible programs should be mandated to ensure motivation for greater participation of private sector employers in work exposure, training, employment of disadvantaged youth.

Young people represent an enormous consumer market. The business sector spends million of dollars in advertising good and services for young people and reap billions in profits. Surely, the sector could do more than treat young people as consumers. They could bring young people into their businesses as apprentices and workers and as equal participants in our economy.

A few weeks ago, Americans were bursting with pride because of the extraordinary achievements of our young athletes. These young people proved that they could overcome the odds if only they were given the opportunity. There are millions of young Americans who are awaiting opportunities to learn and to work. If given the opportunity, they will respond with Olympian determination.

NATIONAL YOUTH ADVOCACY COALITION LEGISLATIVE RECOMMENDATIONS

1. N.Y.A.C. opposes any cut in existing youth programs of demonstrated effectiveness.

2. N.Y.A.C. firmly supports additional budget authority of 1.125 billion dollars for new youth employment initiatives.

3. *Presumptive Role of CBO's.*—CBO's shall be engaged to the maximum extent feasible in planning resource allocation and monitoring of employment, training, education, and supportive services.

4. *Linkages.*—The prime sponsors shall avoid duplication of existing programs. However, alternative programs designed to offer different services, or to serve youth that are not being served, shall not be considered duplicative.

5. *Performance standards.*—Each prime sponsor shall establish service deliverer performance standards suitable for the purposes of various programs carried out under this part, based on program outcomes (for young men and women in significant segments of the eligible population) such as return to school, job placement, job retention, job quality; program inputs such as quality of worksite, quality of supervision, and the appropriateness of the placement; as well as program management criteria. Such performance standards shall be revised annually based on prime sponsor and service deliverer performance, emerging knowledge about youth labor market problems, and the impact of training and employment programs on the employment and earnings of participants. These standards shall be used in assessing prime sponsor and service deliverer program performance as well as in reviewing youth plans and service deliverer applications.

6. *Funding.*—N.Y.A.C. supports multi-year funding for youth employment programs; a five year authorization and a two year appropriation.

7. *Advisory councils.*—Advisory Councils must have youth representation from the local educational agency, local vocational council, postsecondary education institutions, business, unions, the apprenticeship community, public employment service agencies, local government and non-government agencies who are involved in serving youth, juvenile justice planning agencies, neighborhood, voluntary and community based organizations, and two youth members who are eligible for youth employment services. Youth advisory councils must be provided orientation and training and have adequate staff support.

Youth advisory councils meet a minimum of six times a year.

Youth advisory council recommendations concerning the annual plan including minority opinions must be forwarded to the regional administrator.

8. *Consolidation.*—N.Y.A.C. supports consolidation and administrative simplification of Youth Employment Training Program, Youth Community Conservation and Improvement Project, and Youth Incentive Entitlement Pilot Project.

9. *Incentives.*—N.Y.A.C. supports financial incentives to promote programs in the private sector, programs operated by community based organizations, programs for high risk youth, and cooperation, with education institutions and alternative schools.

10. *Individualized services.*—Legislation should include individualized, prescriptive services to youth, e.g., necessary supportive services including child care, and basic language training.

11. *Training and technical assistance.*—The legislation should authorize funds for activities involving staff training (including training and retraining of counselors and other youth program personnel and staff of community based organizations), technical assistance, and knowledge development and dissemination. Such activities shall be planned and carried out in coordination with similar activities under CETA legislation.

12. *Earnings disregard.*—Wages received by any youth participating in any youth employment programs shall be disregarded in determining the eligibility of the youth or the youth's family for, and the amount of, any benefits based on need, under any federal or federally assisted programs.

13. *National Commission for Youth Employment.*—As written in testimony, any bill passed should create a National Commission on Youth Employment. Such a Commission should be well structured and have the authority to coordinate services at the federal level as well as serve as a catalyst for change.

14. *Alternative education.*—Local educational agencies must provide assurance that funds available under this legislation shall be used to offer alternative education experiences to youth. Whenever feasible, the local educational agencies should involve community based organizations in the planning and implementation of such alternative services.

15. *Training for nontraditional occupations.*—Nontraditional occupational education and training aimed at increasing long-term earnings should be provided to young women participating in employment or educational programs.

16. *Eligibility criteria.*—N.Y.A.C. supports legislation which establishes family income and eligibility for participation in youth employment programs at or below 85 percent of the lower living standard with a 10 percent waiver for youth who are in need, but do not meet such income requirements and a total exemption for youth who are handicapped, involved in the juvenile justice system or teenage mothers.

SER-JOBS FOR PROGRESS, INC.
DALLAS, TEX., *March 24, 1980.*

Hon. AUGUSTUS F. HAWKINS,
Chairman of House Subcommittee on Employment Opportunities, Rayburn House Office Building, Washington, D.C.

DEAR SIR: We are submitting to the House Subcommittee on Employment Opportunities follow-up Testimony on Hispanic Youth Employment Problems. If clarification is needed on any point, please call on us.

PEDRO RUIZ GARZA,
National Director.

PREPARED STATEMENT OF PEDRO RUIZ GARZA, NATIONAL DIRECTOR, SER JOBS FOR PROGRESS

Mr. Chairman and members of the subcommittee, I welcome the opportunity to present testimony before you this morning on the proposed Youth Training and Employment Act and its impact on youth employment, particularly as it relates to Hispanic youth.

As national director of the largest Hispanic Community-based employment and training organization in the United States, I come before you to share our views on the unique employment problems facing Hispanic youth and our recommendations for addressing them.

I. HISPANIC YOUTH EMPLOYMENT PROBLEMS

The most devastating problem facing our youth continues to be an economic system that has been neither sensitive nor responsive enough to the employment, training and educational needs of young Hispanics.

Public policy makers have shown little or no commitment to increase and improve information and awareness of Hispanic youth employment problems. The result has been a minimal resolution of the problem. Moreover, the little data available shows the Hispanic youth population falling far behind the general youth population in many economic and educational indicators.

If these trends are not addressed, the problem confronting our youth will be compounded, thereby widening the gap between Hispanic youth and the general youth population.

1. Population characteristics

In 1978, the U.S. Census Bureau estimated the Hispanic community, conservatively at 12 million persons. Of this number, 42 percent were under 18 years of age as compared with 29 percent for the total U.S. population. The median age of 22.1 years for persons of "Spanish origin" was by far the lowest of any group in the United States.

2. Labor force participation

Over the past decade Hispanic youth significantly increased in labor force participants, but did not surpass that of the total youth population. Diversity in Hispanic youth (16–24) labor force participation is demonstrated by the 20 percent differential between Mexican-Americans (72 percent) and Puerto Ricans (under 50 percent) youth.

Nonetheless, increased labor force participation did nothing to improve the employment situation. According to a noted labor economist, Dr. Richard Santos of the University of Texas at Austin, persons between the ages of 16 and 24 years comprise only 26 percent of the total Hispanic labor force, but represent nearly 45 percent of all unemployed Hispanics.

3. Unemployment rate

Current statistics indicate that the Hispanic youth unemployment rate is 22.8 percent. In other words, one out of every five Hispanic youth is unemployed, with the figure for Puerto Rican youth reaching one out of very four without a job. Several factors contribute to the disproportionately high Hispanic youth unemployment rate:

A. *Educational attainment.*—More than one out of every three Hispanic youth ages 16–24 years is a high school dropout. Consequently, the median years of school completed by Hispanics is 10.4.

Thus, it becomes apparent that Hispanic youth are not receiving the basic educational skills and related work experience necessary to properly enter and

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succeed in the labor force. Furthermore, this unfortunate situation is perpetuated by a cycle where poor preparation for entering the labor force leads to unemployment. This results in low incomes.

(a) Minimal income does not offer individuals or their children equal opportunities for adequate training to upgrade employment or to successfully compete in the labor force.

(b) *Language barrier.*—The fact that a large number of Hispanic youth in the labor force are of limited English-speaking ability further reduces their employability in an English-language-dominant society. In many cases, it is the employer who will not hire them. In others the youth themselves are discouraged from applying for employment because of their English language deficiency.

(c) *Discrimination.*—We also have to acknowledge the fact that employment discrimination exists in the labor force and that Hispanic youth must overcome two handicaps: The fact that they are young (not accepted in the labor market as adequately trained or experienced), and the fact that they are predominant in a culture other than society's dominant culture.

The employment problems of Hispanic youth are structural and chronic in nature and cannot be solved by short run solutions. The strategy developed to address the youth unemployment issue must become part of the overall national employment and economic policy if it is to succeed.

II. ECONOMIC POLICY FOR THE EIGHTIES

The availability of employment opportunities in this decade will be profoundly affected by the economic policies that are developed by the U.S. Congress and the President in the next 2 years. It is, therefore, distressing to hear President Carter announce that his administration will adapt so-called anti-inflationary measures that will cut back vital services to our communities and sacrifice millions of productive individuals to the ranks of the unemployed. This economic policy not only demonstrates a total lack of concern for the plight of working people, but it also retracts the promises and committments of the administration and the Congress.

The Full Employment and Balanced Growth Act of 1978 established as national policy the inherent right to employment at fair rates of compensation to all Americans who are able and willing to utilize such opportunities. This is a basic premise that cannot and must not be compromised if we are to maintain and indeed restore confidence in our economic system. We cannot accept delays in accomplishing the mandates of this act, 3 percent adult unemployment and 4 percent overall unemployment by 1983, nor can we abandon the spirit of the law by allowing ourselves to be brandished by politically expedient measures that will eventually stifle our economy.

The effect of this administration's proposed policy of austerity will most deeply impact Hispanics and other minorities, particularly minority youth. Hispanic youth are the least skilled and least experienced segment of the working force; therefore, they are inevitably the last hired and first fired. These policies of austerity will perpetuate this practice. The short-range consequences, massive layoffs of productive workers, is a cruel fate to bestow upon a labor force. The long-range effects would not only be brutal, but also irreparable. It is difficult, yet realistic, to conceive of a large segment of our youth population who will develop into adulthood without ever having held a job.

This disfranchisement of youth from our Nation's work force will reproduce the social havoc that almost wrecked our Nation in the sixties, and perpetuate the economic decline that we have experienced since the mid-seventies. I propose to each of you, that we neither desire nor can we afford these consequences.

III. YOUTH EMPLOYMENT POLICY FOR THE EIGHTIES

Our national employment policy must reflect the needs of the Hispanic youth population of this Nation. Because of the diversity of Hispanic groups and the complexity of youth employment problems, it is essential that a variety of strategies be utilized to reduced Hispanic youth unemployment.

The employment strategies that SER supports are those that have been previously advocated by economist Dr. Richard Santos. Foremost, we propose the investment of financial resources in improving the supply of Hispanic workers through increased education, skills training, and job search information. The available demographic data consistently reveals an Hispanic labor force that has a lower educational attainment level than that of the general working population.

We know that one out of every three Hispanic youth 16–24 years of age in our labor market is a high school dropout.

SER's experience with Hispanic youth has revealed a deficiency in career awareness, career preparation, and skills development on the part of those youths. More needs to be done to bring career awareness and training opportunities to these youths.

These measures will not be sufficient if discrimination against Hispanic workers persists, and there is ample evidence that it remains a serious impediment.

Because of the wide dispersion of Hispanics and the heterogeneous nature of this group, SER—Jobs for Progress, the Nation's largest employment and training organization serving the Hispanic youth community proposes:

1. The development of multiple program approaches to address the divergent labor market needs of the various Hispanic youth subgroups.

2. The implementation of multiyear funding mechanisms for the Comprehensive Youth Employment and Career Development Act.

3. The deployment of mechanisms to insure the full participation of community-based organizations, neighborhood groups, and other institutions representing the structurally unemployed and unemployable youth of the country in policy, research, and programmatic responsibilities.

4. The implementation of the National Commission on Employment and Unemployment Statistics' Recommendation to insure accurate, reliable and timely data on Hispanic youth.

5. The establishment of a National Hispanic Employment Policy Commission to advise the Secretary of Labor on Hispanic youth research.

6. The development of stronger programmatic linkages between the education community and the employment and training system.

These six propositions will begin to address the employment needs of Hispanic youth.

Now, gentlemen let me turn to the President's youth legislation.

V. RECOMMENDATIONS TO THE PROPOSED YOUTH LEGISLATION

President Carter's Youth Act of 1980 proposes to meet the challenges faced by youth unemployment, given the present economic conditions and youth employment needs. SER recognizes the intent of the act and commends the administration on its action response to this critical issue. We find, however, that the act ignores the needs of Hispanic youth. In its attempt to recognize the need to attack the causal factors of youth unemployment—specially among minority disadvantaged in urban areas—we find that the act has some limitation. Recent studies reveal that race and ethnic discrimination continue to be among the strongest forces against youth as they attempt to enter the world of work. In an era when 90 percent of the employment opportunities in the United States require a high school diploma, and where the school dropout rate for Hispanic youth is up to 40 percent of that population, there is enormous need to address these facts in the bill. At no place in the proposed act is this addressed.

Far too much hope is placed on the public educational system to help minority youth get a decent chance at a career. The proposed legislation would in fact, reward the school systems that have treated minority youth with less fairness and then invite them to continue to be left behind. As representatives of Hispanic youth, we are strongly opposed to such emphasis on the local educational agencies as the services deliverers of the act.

We find the need to address specific areas in title I of the act as follows:

The youth population being given priority in the act should include persons of limited English-speaking proficiency.

Skills and competencies for youth employment and training programs should include providing English as a second language training for youth lacking language proficiency for employment.

Prime sponsor basic programs should include an equitable allocation of funds for language-proficiency training proportionate to the percentage of eligible youth in the population that would be considered persons with limited English-speaking ability.

Prime sponsors using equal chance supplemental allocations shall include persons with limited English-speaking ability.

Definitive means be provided to insure that the Secretary and prime sponsors will use nationally affiliated community based organizations (such as SER Jobs for Progress, Inc.) to provide training and technical assistance to service providers.

Prime sponsors shall be required to (1) publish summary reports on annual plans and program performance in daily newspapers with large circulation and (2) hold public hearings on annual plans prior to submission to the Secretary. Summary reports shall begin with a basic statement of purpose of programs, priority of population segments to be served, historical results of prior years' programs (projected services for (1) age, sex, ethnicity of identifiable subgroups, (2) the measurable unemployment rate and school dropout rates and grades at which dropouts occurred, (3) types of training provided, (4) job placement and job retention rates, (5) incomes earned, (6) statistical design for "comparison groups" to demonstrate contribution to community, (7) program management performance criteria, and (8) prime sponsor administrative costs.

The following comments are made in reference to title II of the proposed Youth Act of 1980:

(1) The use of 1970 data from the census will again negatively impact Hispanic youth due to the 17 percent undercount and the demographic growth of that population during the seventies. Projections to account for the increase in Hispanic youth population and the most updated data from the census, must be used to adequately serve this segment of the youth population.

(2) The role of community-based organizations is completely absent from the "partnership" with local educational agencies, employment and training officers, and the private sector. Community-based organizations must be added to the act as full partners.

(3) The proposed bill does not sufficiently stipulate the particular differences and needs of Hispanics for employment and training and "back to school" programs, that are based on bilingual education and culturally relevant curricula. This approach obviously should include the role of parents and of community-based organizations.

In closing, allow me to leave you with these thoughts in mind, as we enter the most important decade of our existence as a multicultural nation, we ask that you join us in enhancing the opportunities for economic growth and prosperity for America's youth. Thank you.

70001 LTD.,
Washington, D.C., March 27, 1980.

Hon. AUGUSTUS HAWKINS,
Subcommittee on Employment Opportunities, Committee on Education and Labor, House of Representatives, Washington, D.C.

DEAR MR. HAWKINS: Enclosed are 70001 Ltd.'s comments on the youth employment and training legislation pending before the Subcommittee on Employment Opportunities of the House Education and Labor Committee. I hope they will be of assistance to you and your staff in developing a youth employment and training legislation which can be passed by this session of Congress.

70001 Ltd. applauds the efforts of your Subcommittee in addressing the severe problems facing disadvantaged youth at this time. I am hopeful that the nation's commitment to these people will be maintained. The needs of the youth are crying to be met, as indicated with increases in high school dropout rates, youth unemployment and decreases in scholastic achievement by secondary school students. It is only through concerted efforts by all segments of society that a long term impact can be made.

Since 70001 Ltd.'s policy and approach to assisting disadvantaged high school dropouts has been entirely directed to unsubsidized private sector employment, we are encouraged by the direction of the pending legislation towards private sector employment. Four out of five jobs for entry-level positions and opportunities for career advancement are in the private sector. The additional emphasis being placed on job retention and advancement is supported by 70001 Ltd.

If you have any questions regarding our comments or approach to youth employment and training, please do not hesitate to contact me. Also, if we can be of assistance to you or your staff in developing a youth employment and training bill, please let me know and we will be more than willing to do what we can.

Thank you for your consideration of our views on youth employment and training.

Sincerely,

LARRY C. BROWN, *President.*

70001 LTD. COMMENTS ON YOUTH EMPLOYMENT AND TRAINING LEGISLATION

INTRODUCTION

70001 Ltd. urges Congress to at least maintain and, hopefully increase, its commitment to youth of the nation. We applaud the efforts of the Subcommittee and the Administration in developing a comprehensive approach to the problems of youth employment, education, and training. Although the problems are great, there is a tremendous need to act now, rather than postpone action on addressing the specific problems for a later date. The long term impact of inaction will only create additional issues which will be met by future Congresses, Administrations, and the nation.

70001 Ltd. is a non-profit corporation whose mission is to bring unsubsidized employment opportunities and educational advancement to disadvantaged youth. Our efforts are primarily directed towards economically disadvantaged high school dropouts between the ages of 16 and 22. There are currently 56 70001 programs in 24 states which provide pre-employment training, educational instruction, job placement and retention services, and motivational activities to the youth. 70001 offers no stipends or subsidies to either the participating youth or employer. Since 1976, we have placed over 9,000 youth who have earned $10.4 million in wages and paid an estimated $2 million in federal, state and local taxes.

Despite our rapid growth, we have maintained a consistent record of achievement in helping young people with a per placement cost of approximately $1,500.

With the addition of the Detroit Pre-Employment Training Center, 70001 Ltd. has expanded its constituency to include high school seniors and recent graduates. The Detroit Center provides urban youth with an intensive four-week program to assist them in the transition to the world of work, particularly in an industrial environment. It represents a joint effort between General Motors, Ford Motor Corporation, the Budd Company, the Detroit Public Schools, and the Michigan Department of Labor. Although the program is only a year old, to date we have experienced over 95 percent attendance record.

70001 Ltd. suggests the following issues be included as a part of youth employment and training legislation passed by the Congress this year:

(1) *Authorization.*—The knowledge which has been developed through the Youth Employment and Demonstration Projects, the Vice President's Task Force on Youth Employment, and the numerous Congressional hearings should provide a solid base for a comprehensive youth employment and training bill. The elements of the youth employment issue are numerous and multifaceted. It has been our experience that the needs of the disadvantaged high school dropout, in particular, are complex and varied. The expiration of the present Title IV of the Comprehensive Employment and Training Act on September 30, 1980, and the Congressional appropriations process are placing severe time restraints on the pending legislation. Thus, a youth employment and training bill must be so focused and enacted as expeditiously as possible.

There is a tremendous need for continuity and leadership by the Federal government on youth employment and training. The ability to plan, develop, implement, and administer comprehensive services to youth on a local level is entirely contingent upon the authorization of such programs by Congress, and a relative knowledge of the funding levels for them. This is particularly acute under the broad and comprehensive purposes established under the Administration's proposal, H.R. 6711. Therefore, we urge Congress to incorporate multi-year authorization and forward funding in a comprehensive youth employment and training program.

(2) *Substitution and performance standards.*—It is extremely important that the funds appropriated by Congress for youth employment and training serve the greatest number of youth as intended by the bill. Strong language should be included in the legislation to make certain that monies appropriated for youth programs are not used for other programs and CETA Titles. By maintaining a strong anti-substitution clause, the youth with the greatest need, as identified by Congress, will be insured of receiving the mandated programs and services.

70001 Ltd. supports the use of performance standards for prime sponsors, educational agencies and service deliverers based on program results. Overall goals should be established for youth employment, training and education by the Secretary of Labor and the Secretary of Education. The emphasis on such goals for prime sponsors should stress youth employability development, job placement and retention in private sector employment, and basic educational and skill advancement. The standards for service deliverers should be tailored to the local labor market and economy. The performance standards for the educational agencies should be established by the Secretary of Education to overall goals and purposes as provided under Title II or H.R. 6711. Such standards should stress educational advancement, decrease in dropout rates and increases in employability of the youth graduating from the secondary education system.

(3) *Special incentive grants.*—The inclusion of a clear direction to private sector employment is imperative in developing long term impact on youth employment and training issues. The Administration's "Youth Act of 1980", H.R. 6711, provides Special Purpose Incentive Grants to prime sponsors for various exemplary or innovative programs. The emphasis in Section 422(c) on the private sector and labor organizations should be included in any youth employment bill passed by this Congress.

The use of a "carrot" rather than "stick" approach to linkages with private sector employment should encourage greater and better use of available resources. In addition, the flexibility to tailor the services and programs to local conditions and the needs of youth should improve the present service delivery system. It has been the experience and policy of 70001 Ltd. that the disadvantaged youth must be provided services tailored both to their needs and particularly to the needs of the private sector within the community. By placing the emphasis on meeting the private sector needs for entry-level positions, the job retention factors can be isolated and strengthened by providing necessary services to youth. Present policy emphasizes job placement, rather than retention, through such policies as the 30 day limit on post-placement services under the present CETA regulations. It is imperative that this policy be modified to provide an equal emphasis on job retention and advancement. 70001 Ltd. is encouraged that this emphasis is being seriously considered in various bills pending before Congress.

(4) *Benchmarks.*—The establishment of goals and objectives for participating youth should be promoted and encouraged through such concepts as an employability development plan, benchmarks or similar ideas. These goals and objectives should be localized and individualized based on broad criteria established through the legislation. The purpose of such goals and objectives will be to provide the youth with readily identifiable signs of advancement. With the increased emphasis on private sector employment, the importance of job retention, job advancement, and experience will become emphasized.

Under the 70001 Ltd. approach, the youth are taught the importance of work experience and how to promote themselves and their experiences to employers. We have learned that employers are looking for employees who are dependable and have basic educational and employability skills. By developing benchmarks, the youth will be able to document their advancement and abilities.

The use of stipends and incentive allowances should not be provided except in special cases of extreme need or extended specialized skill training prior to job placement. Although stipends and allowances may be an excellent way of attracting youth into the programs, we do no believe that they are a useful tool for motivating the participants. 70001 Ltd. over the years has developed successfully techniques to encourage motivation and participation without stipends, allowances, or incentives. However, the costs of such factors as transportation, day care, health care or other support services should not be barriers to participation in the various programs and services provided.

(5) *Eligibility and targeting.*—The areas and youth with the greatest need should be targeted by the youth employment and training legislation. Priority should be given to those youth who are economically disadvantaged and experiencing the most severe handicaps to employment. We support the 85 percent LLS income level for 16–21 year olds with an exemption for handicapped individuals, youth under the supervision or jurisdiction of the justice system, and teenage parents. In addition, 70001 Ltd. supports a priority for highschool dropouts, youth who have been unemployed for extended periods, youth lacking equal opportunity, veterans, handicapped individuals, youth with dependents, and youth lacking substantial basic and remedial skill development.

(6) *Education linkages.*—Any bill passed by Congress should encourage greater cooperation and coordination between the educational agencies and employment and training institutions. The 22 percent setaside for educational services under YEDPA has proven beneficial in establishing strong linkages with the CETA system and educational agencies. 70001 Ltd. feels it is necesssary to provide a broad range of opportunities which are coordinated and comprehensive in their approach to youth employability development in order to meet the wide variety of needs of the targeted youth.

Such linkages are clearly defined within Title I of H.R. 6711, the Administration's "Youth Act of 1980". However, the corresponding linkages under Title II of the legislation do not prescribe the same strong coordination. 70001 Ltd.

strongly urges the Secretary of Labor and local prime sponsors to have the same sign-off authority on the employment and training provisions under Title II, as the Secretary of Education and educational agencies have on the educational components of Title I.

The role of alternative education is not adequately addressed as a method of meeting the needs of disadvantaged youth under the Administration's proposal. The legislation should provide assurances that adequate funds be used by the local educational agencies for alternative educational experiences under Title II. The involvement of community based organizations with the local educational agencies and schools should be required for the development and implementation of alternative education, whenever possible.

In order to improve the comprehensive nature of the "Youth Education and Training Act" and the "Youth Training and Employment Act" within H.R. 6711, 70001 Ltd. suggests the State Supplemental Programs provisions under Subpart 2, Title II, be utilized for cooperative programs with the Equal Chance Supplements under Section 413, Title I. The monies made available under both of these Titles should be targeted to those areas meeting the eligibility criteria as specified in Section 413. Thus, in-school and out-of-school youth in the areas of greatest need will be provided a truly comprehensive package of programs and services designed to address the employment, training, and education problems of those areas. Such programs and services shall be developed, implemented, and administered through cooperative agreements with the prime sponsor and the State Educational Agency.

The purpose of these Supplemental Programs will be to cooperatively address the severe obstacles to the employment and employability development of the youth living in areas of severe economic and social problems. The cooperative plans to meet the obstacles of youth in these areas shall be included in the prime sponsor's youth plan and be approved by the Secretary of Labor as an integral part of the prime sponsor's comprehensive plan. Such plans should also be reviewed by the youth advisory council and the local district advisory council. 70001 Ltd. urges representation on these councils by prime sponsors, education, labor organizations, private sector, community based organizations, and other community organizations.

In addition, a National Commission on Youth Employment and Training should be established to further examine and develop a coordinated comprehensive approach to youth. The first priority of the Commission should be to explore and recommend federal involvement in secondary school activities to bolster the effectiveness of in-school employment and training programs, and develop better programs for the transition from school to the world of work by high school students. It is our opinion the rise in the high school dropout rate has not been adequately studied to provide a comprehensive federal program which will effectively stem the tide.

CONCLUSION

The inclusion of all elements of society which impact upon youth employment and training should be linked together in the planning, development, implementation and monitoring of the programs and services. It is only through this partnership that the lives of the disadvantaged youth of America may be truly improved. 70001 Ltd. is encouraged by the concern expressed by the Congress and particularly the Administration. We sincerely hope that the cooperation between the various federal departments and agencies, labor organizations, the private sector, community based organizations, educational institutions, and the other community organizations will continue in order to diffuse the social dynamite which will be upon us if we fail to meet this challenge.

BOASBERG, HEWES, KLORES, FELDESMAN & TUCKER,
ATTORNEYS AT LAW,
Washington, D.C., March 25, 1980.

Ms. SUSAN GRAYSON,
Subcommittee on Employment Opportunities, Committee on Education and Labor,
Rayburn House Office Building, Washington, D.C.

DEAR SUSAN: In accordance with our telephone conversation of the other day, I am submitting for the record a written statement on the Youth Act of 1980 by George Ortiz, chairman, La Cooperative Campesina de California.

We would appreciate having it included in the record.
We appreciate your assistance.
Sincerely,

Noel H. Klores.

Enclosure.

Prepared Statement by George Ortiz on the "Youth Act of 1980" on Behalf of State of California Migrant and Seasonal Farmworkers Council

La Cooperativa is a "consortium" of CETA, Title III, section 303 grantees in the States of California, Oregon, Iowa, and Nevada. La Cooperativa is a federation of community based organizations that must compete annually for 303 funds. Proven track records and the "demonstrated effectiveness" of our membership organizations has keep La Cooperativa in existence and growing the last four years. The State of California funds La Cooperativa and utilizes our staff's expertise to appraise them of the education and employment needs of migrant and seasonal farmworkers in their development of the State's employment and training policies. La Cooperativa also serves as a coordinative organization in behalf of its membership organizations with all State departments constantly identifying existing resources for farmworkers and coordinating with the appropriate State departments to maximize the use of government funds. Employment and training, placing people on permanent unsubsidized jobs after a skills training period is the major thrust of La Cooperativa' membership.

We would like to take this special opportunity to express to you, members of this subcommittee, the special needs of migrant and seasonal farmworker youth, to relate some of our programs, and express the scope of work we hope Congress will address in promulgating any youth legislation.

The following is the scope of education and employment difficulties that farmworker youth must contend with when competing in the non-farmwork labor market:

FARMWORKER YOUTH EDUCATION AND EMPLOYMENT ISSUES

1. Farmworker youth often experience language barriers, lack basic reading skills, and basic math skills. These are necessary enabling skills to allow the youth to even compete in the labor market. The State Migrant Education Department indicates that 80–90 percent of the migrant youth that enter the 9th grade do not complete the 12th grade. The "high" dropout grades for migrant youth are the 7th, 8th, 9th, and 10th. There is no question that educational achievement and employment opportunities are directly related. High School dropouts have unemployment rates of 2 to 3 times higher than high school graduates.

2. Discrimination, because of race, sex, and age by the community and employers are factors that affect the employability of minority youth. Farmworker youth are also affected by these factors. A Department of Labor Office of Farmworker Programs report for fiscal year 1976 indicates the ethnicity of those served. Blacks and Hispanics by far comprised the largest percentage. The dropout rate for blacks from High School is 25 percent; for Hispanics it is 40 percent. Although there will soon be a decline in the total number of young people in the labor force; the number of minority youth will continue to grow with the Spanish speaking as the fastest growing minority in the 80's.

3. A disproportionate share of the Nation's poverty is located in the rural areas. Many a farmworker youth reside in rural areas. The experiences of both the farmworker and rural youth in the labor market will be limited by the economic conditions of their families and the communities in which they live. Transportation networks in the rural areas either do not exist or are inadequate. This affects the youth's ability to obtain and keep jobs.

4. Mechanization and/or undocumented workers are playing an increasingly larger role in the displacement of workers. Increased economic pressures will continue to escalate a dependency upon mechanization and/or the use of undocumented workers. The youth of the farmworker family will find fewer and fewer employment opportunities within the agricultural labor market and will turn to the non-farmwork labor market. Unemployment rates for youth ages 16–21 in the State of California major agricultural employment counties range as high as 30 to 50 percent.

FARMWORKER YOUTH PROGRAM RECOMMENDATIONS

We would like to offer the following recommendations based upon our knowledge of the farmworker youth education and employment issues, and our previous program experiences in implementing such programs.

1. Farmworker youth funds have been inadequate in the past. Farmworkers have larger families than the average American family with 2.3 Children. Congress when authorizing CETA legislation set aside a 5 percent allocation for farmworker adult programs. The "Youth Act of 1980" proposes to address the special needs of migrant and seasonal farmworker youth with only a 2 percent allocation. We recommend an increase to 5 percent. This would be consistent with the adult programs and justified because of the larger family size, the low achievement level in school of farmworker youth and the high unemployment rates. There are 303 grantees who have eligible youth in their service areas and are unable to provide adequate services because of insufficient funds. We support and encourage the idea that a higher percentage of resources be made available to farmworker youth.

2. The "Youth Act of 1980" does not allow for the payment of allowances to youth participants under the age of 18 for time in a classroom, or intitutional training activity. This would pose a hardship to farmworker youth for whom this source of income often serves a very important purpose. These funds help the family survive, thus relieving some of the economic pressures on the youth while in the classroom.

3. "The Youth Act of 1980" places a greater responsibility on the educational system. This is a system that has undeniably failed farmworker youth in the past. The education system need to be sensitized to the special needs of farmworker youth and the idea of alternative education programs needs to be explored.

4. The new youth direction encourages programs for out-of-school youth to be developed jointly with the "local education agency." For future program purposes, we recommend that the definition of "local education agency" to be expanded to include any non-profit alternative school and/or community based organization who has "demonstrated effectiveness" in serving youth. These agencies have a greater level of success in reaching out-of-school youth than the traditional public school system.

5. We recommend that Equitable consideration be given to farmworker and rural youth under the formulas governing the flow of funds to Prime Spsonsors. These target groups should be recognized as a "special needs" population.

6. A greater emphasis is being placed on the involvement of the private sector in CETA programs through Private Sector Initiative Programs. We encourage Congress and Department of Labor officials to ensure that the farmworker population receives equitable consideration in the appropriation of these funds.

SUMMARY

While we applaud the attention that the President and Congress are giving to America's youth employment problem, we feel that it is extremely important that Congress understand and address the unique education and employment problems of farmworker youth. We hope that this brief document will assist you in your work and the needs of this "special" youth population are not overlooked in the passing of this important legislation.

YOUTH EMPLOYMENT ACT OF 1979
Part 4

TUESDAY, MARCH 18, 1980

House of Representatives,
Subcommittee on Employment Opportunities,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:45 a.m., pursuant to notice, in room 2257, the Rayburn House Office Building, Hon. Augustus F. Hawkins (chairman of the subcommittee) presiding.

Members present: Representatives Hawkins and Jeffords.

Staff present: Susan Grayson, staff director; Steve Juntila, legislative associate; Nat Semple, minority senior legislative associate; Beth Buehlmann, minority legislative associate; Bob Guttman, CRS labor specialist; Terri Schroeder, staff assistant; Isbell Hornsby, staff assistant.

Mr. Hawkins. The Subcommittee on Employment Opportunities is called to order. This is a continuation of the hearings on the youth employment and training proposals before the committee. The Chair would like to apologize for being here late, but I was in a meeting with the mayor of my city.

Mayor Hatcher, you may appreciate this. I had a meeting with Mayor Bradley and my own councilman, Councilman Farrell, trying to convince them that balancing the budget means they will have some problems that they do not even anticipate.

I know that you also, and others, will be faced with that as we go through these hearings. It seems that everybody is talking about a $13 billion cut, but they do not realize if you balance the budget, it is going to be something like $30 billion rather than $13 billion, and that revenue sharing and a lot of the other programs are certainly not going to be exempted.

Of course, my State is unusual in that we have pretended to be so prosperous that we have passed proposition 13 and a lot of other things and have not maintained the local effort as a result of that.

We are now pleading with the Federal Government to bail out local governments.

In any event, the hearing this morning is specifically on youth proposals. We are very pleased, as the first panel, to have Mayor Daniel Whitehurst of Fresno, Calif., and Mayor Richard Hatcher of Gary, Ind., representing the Conference of Mayors. We extend welcome to both of you and we look forward to your testimony.

Any testimony presented to the committee will be entered in the record in its entirety. We assume the witnesses will deal with highlights and handle the subject in their own particular way.

Which one of you will—Mayor Whitehurst, shall we go with you—Mayor Hatcher, it is a pleasure. Mayor Hatcher.

[Prepared statement of Daniel K. Whitehurst follows:]

PREPARED STATEMENT OF HON. DANIEL K. WHITEHURST, MAYOR, CITY OF FRESNO, CALIF., ON BEHALF OF THE UNITED STATES CONFERENCE OF MAYORS

Mr. Chairman, and members of the Employment Opportunities Subcommittee, I am Daniel Whitehurst, Mayor of Fresno, California, and Chairman of the U.S. Conference of Mayors' Subcommittee on Youth. On behalf of the Conference of Mayors and myself, I would like to express our appreciation for this opportunity to explore with you and the members of the subcommittee our perspectives on needed revisions to the youth employment legislation.

The ideas that I will present today are based on our experience as chief elected officials and as the managers of local CETA programs. My suggestions are derived from a joint (Conference of Mayors-Department of Labor) project to obtain input from Mayors throughout the country for the revision of the current youth legislation.

It certainly is unnecessary to dwell on the nature and scope of the youth unemployment problem. However, it might interest you that while official statistics place urban youth unemployment at 32 percent, some of our cities experience rates approaching 50 percent among inner-city poor and minority youngsters 16 to 21. Each of us here today is familiar with the predictable and disturbing records of vandalism, drug and alcohol abuse, mental illness, crime and dependence on public assistance that pattern the lives of these youth.

Mayors, as the chief elected officials in the nation's cities, have ample opportunity to observe the effects of these problems on our local youngsters. As a result, members of the Conference of Mayors have, for a number of years, been actively involved in promoting youth programs as a comprehensive and integrated part of community services. As far back as 1975, we promoted federal, state and local cooperation and coordination to:

Employ youth to revitalize our cities by improving deteriorating structures;

Expand social services, recreation and vocational training to help youth make the transition from school to work;

Improve local educational opportunities and promote the continuation of education to our youth; and

Provide tax incentives or wage subsidies to the private sector to promote meaningful and long-term employability opportunities for disadvantaged youth.

Our continuing concerns were reflected in policy adopted at our last annual meeting, acknowledging youth unemployment as a critical problem and calling for the development of a national policy on employment.

In addition, the Conference of Mayors, with funding from the Department of Labor (DOL), Office of Youth Programs, sponsored a program designed to obtain input from Mayors throughout the country for revision of the youth legislation. As part of the Office of Youth Program's Knowledge Development Program, the project broadened the awareness of Mayors regarding the innovative approaches to youth employment through visits to cities operating outstanding Youth Employment and Demonstration Projects Act (YEDPA) programs. From the Mayors' observations of the sites they visited, coupled with their own experiences in youth employment efforts, a series of policy recommendations were developed for DOL consideration. This same information can, I hope, assist the committee as you consider the different approaches to the problem.

I would like to provide a brief overview of the Mayor's Youth Education and Assessment Program, and then for the record present the recommendations that were formulated by the participating Mayors. Finally, I will briefly comment and apply this criteria to the bills under consideration by this committee.

The year-long Youth Education and Assessment Program enabled Mayors from a variety of cities throughout the country to visit outstanding YEDPA projects in four cities—two of which had Entitlement projects, and two which had developed innovative exemplary programs. These sites, which were selected, included a variety of different program types and approaches. Cities visited were: Boston, Massachusetts; Berkeley, California; Tulsa, Oklahoma; and Memphis, Tennessee. These cities were selected through a careful program review and assessment to ensure that the visits would result in a valuable experience for Mayors.

At the conclusion of the 2-day visits, Mayors took part in a round-table discussion of impressions and filled out questionnaires sampling Mayoral opinions of the YEDPA status nationally. Mayors developed specific views on what future youth employment and training programs should address. These views were accepted by our membership during the mid-winter meeting in January 1980. We also forwarded these concerns and suggestions to the Department of Labor, and briefly I would like to share these concerns with you also.

Each young person should receive an adequate education and be ready to enter the labor force. Mayors recognized the necessity to integrate the local educational system and the CETA delivery system. We felt that valid measures should be devised to demonstrate program effectiveness, and that all parties should be equally accountable for the success or failure of a program. In addition, alternative educational settings should be provided where the scholastic, physical, or special needs programs offered by the regular school systems are unattractive to youth.

Mayors also saw a need for substantially increasing the involvement of and agreements with labor unions, private sector industries, and small and minority-owned business. Cash incentives should be provided to prime sponsors who have demonstrated an ability to operate effective programs with the private sector. To increase the involvement of small business, a cost-sharing formula should be used to reimburse the employer for costs of training a young CETA employee. The reimbursement should be negotiated with the initial employment contract to eliminate red tape.

A third major concern is the equalization of eligibility requirements for all youth programs, and securing for youth a percentage of jobs created by federally funded economic development efforts. Extending eligibility to 100% of those with below standard income permits flexibility in serving a greater portion of the youth population. Mayors also noted that, while economic incentives have been used to attract private industries back to cities, the majority of these programs are structured to accommodate only adult CETA eligibles. The same kinds of coordinated agreements should be applied to the youth programs. This change would permit consolidation of assistance from a variety of agencies and eliminate the current categorization of youth programs, allowing the prime sponsor to develop more comprehensive programs.

Finally, we called for decategorization of youth unemployment programs and for multi-year block grant funding. This change would permit prime sponsors to design activities on a long-range basis, and to better meet the needs through improved planning. We are proposed that smaller cities, which have demonstrated an ability to operate effective programs should be given recognition as possible recipients for direct funding.

Mr. Chairman, I will briefly relate our assessment of the proposed youth legislation using the policies recommended by the U.S. Conference of Mayors.

H.R. 6711—YOUTH ACT OF 1980

The Administration's proposed youth legislation provides local sponsors broader and more flexible program design and delivery capacity than the present legislation. It would consolidate all localized CETA programs that offer pre-employment assistance, preparatory education and training, and entry level work experience. The present YETP, YCCIP, SYEP, and pre-employment activities would be combined into one "youth grant." These grants would be based on a 4-year authorization with allocations by formulas based on poverty, the youth population, and the population density. The prime sponsor would choose the mix of year-round and summer activities, based upon local conditions and the needs of the individuals served.

I believe that the resulting decategorization offers the flexibility called for by our membership. Provisions of this proposed legislation also would improve the cities' abilities to develop long range plans.

Also in line with our recommendations, the joint DOL–HEW legislation tightens performance standards for prime sponsors, while placing some responsibility on the youth. It would "entitle" each registrant to certain services, based on the participant's efforts and accomplishments.

While we would like to see more integration of youth and adult programs under this proposed legislation, the proposed mechanism for delivering basic skills education is a positive feature. The modular concept for skills education seems to be worth trying and appears to be an improvement over the current legislation's reliance on the prime sponsor to develop outlines of a remediation scheme.

The proposed Administration's legislation requires widescale community and private sector input in developing enrollee and prime sponsor evaluation criteria. In addition, it offers significant program incentives designed to prod prime sponsors to establish formal linkages with local education agencies and post-secondary schools. Incentive grants are also provided for projects involving the private sector. These provisions are consistent with approaches suggested by the Mayors. I must add, however, that the prime sponsors are still burdened with the task of formally linking the cooperating agencies together.

The Title II Youth Education and Training provisions of the proposed legislation developed by the Office of Education, I believe could provide stronger provisions ensuring a more complete comprehensive approach, thereby, improving the quality and the value of program outcomes. For example, there is not enough accountability built-in for required educational institutions receiving funds. In addition, it may be questionable that the meaningful changes can be promoted and brought about within the existing educational system, even with infusion of generous funding.

H.R. 4465

This bill, introduced by Congressman Hawkins, amends the current CETA youth programs by expanding the Youth Incentive Entitlement Pilot Program (YIEPP), increasing the number of youth served under the Youth Employment and Training Program, and calls for employability development plans for all youth program enrollees. By expanding the Entitlement program, both in-school and out-of-school youth will be provided part-time job incentives for completion of their high school education. The program will also serve as a vehicle for integrating both education and employment services to assure that individuals are academically ready for job placement or post-secondary education. The Mayors' Youth Education and Assessment Review Team had an opportunity to observe alternative education settings under Entitlement for high school drop-outs who could not be mainstreamed into the local schools. And, based on our review, the Mayors support the use of alternative educational settings for serving those youth who cannot fit into the scholastic, physical or special needs programs offered by the regular school system.

The bill also amends the Social Security Act and the Work Incentive Program (WIN) for welfare parents under 22 who volunteer to participate in work and training opportunities created by a special fund. Under the current youth program, services are targeted towards disadvantaged youth and teenage parents. Thus, the need for a special fund is questionable as welfare parents are eligible for program services under Title IV.

The bill calls for funding of non-residential institutional skill centers in areas of high unemployment and establishes a new part D of Title IV to provide employment opportunities for disadvantaged youth in federal agencies (exclusive of Public Service Employment (PSE) under CETA).

The establishment of non-residential skill centers and the use of federal agencies as job sites will expand training services and job opportunities for area youth. Thus, the Mayors could support these provisions of the bill.

This legislation reauthorizes the Private Sector Initiatives Program (PSIP) and links it with youth programs under Title IV. It directs the Private Industry Councils to develop specific employment and training programs in the private sector and establishes the coordination of on-the-job training provisions with the Targeted Jobs Tax Credit program to expand opportunities for youth in the private sector.

This provision is in line with the mayoral recommendation calling for the development of partnerships between the government and the private sector to address the problem of "structurally unemployed" youth.

The bill also calls for expansion of the apprenticeship programs with emphasis on under-utilized occupations. This provision of the bill corresponds with the mayoral recommendation for substantial involvement and agreements with labor unions to identify the needed skills and to meet the needs of the local economy for skilled workers.

Finally, the provisions of the bill calling for amendment of the Wagner-Peyser Act to establish a youth component within the Employment Service and the creation of an Interagency Coordination Council to report directly to the President reaffirms the Mayors' concern that youth employment is of a magnitude warranting the focus of the Administration and requiring assistance from all governmental agencies.

H.R. 4534

This bill, introduced by Congressman Weiss, establishes a program of full employment, vocational training and placement for those youth experiencing the most difficulty in obtaining jobs. The idea of providing training and unsubsidized placements for every CETA eligible youth is commendable. However, the cost of implementing such a program would be significant. While the Mayors do support vocational skills training, concerns for basic and remedial education have not been addressed.

Setting goals for eliminating youth unemployment is a notable feature of the bill; however, no provisions are proposed for attaining this goal.

H.R. 5876

Congressman Perkins' bill calls for contractual agreements between national community-based organizations (National Urban League, SER-Jobs for Progress, Opportunity Industrialization Centers) and the Department of Labor (prime sponsors) to provide skills training, job counseling and placement services to eligible youth in cooperation with the private industry council. These agreements will exist among those community-based organizations (CBOs) which have demonstrated effectiveness in the delivery of employment services and will comply with any program regulations established by the Department of Labor.

Currently prime sponsors are required, under the youth legislation, to involve community-based organizations in the planning stages of all program services. Also, CBOs are given priority consideration for Youth Community Conservation and Improvement Project (YCCIP) administration. As we viewed the various local operations, we found that many of the prime sponsors had developed linkages with community-based organizations in areas of recruitment, training, counseling, work experience, and job placement; therefore, we support Congressman Perkins' efforts to develop linkages between prime sponsors and national community-based organizations.

H.R. 6208

This bill, introduced by Congressman Jeffords, replaces CETA Title IV, Part A (Entitlement program) with a "limited" Entitlement program for those youth attending a qualified school. A qualified school is defined as a school serving a poverty area or having a large enrollment of students residing in poverty areas. Once again, the Mayors support the Entitlement concept of providing job incentives as a means of encouraging youth to complete their high school education. However, this bill limits services to those drop-outs who have been unemployed for one year. We feel that any youth, regardless of the amount of time he/she has been out-of-school or unemployed, should be eligible for program services to increase their employability level within their local labor markets. By establishing a specific eligibility time-frame, drop-outs may face even greater anxiety and frustration.

Program operations call for agreements between the local education agencies (LEAs) and the prime sponsor which supports the Mayors' recommendation for local education agencies to be equally accountable for developing linkages and program services. By requiring agreements between both agencies prior to grant application, a side-by-side partnership is created to allow smoother school-to-work transitional services.

This bill also provides cash incentive bonuses to private employers; allows employers to pay subminimum wage during the first six months; and exempts employers from social security and unemployment insurance taxes for the first 180 days.

The Mayors agree with the provision of providing incentives to private business; however, the Mayors do not support subminimum wage and will only support minimum wage compensation as established by the Fair Labor Standards Act. The bill also amends the Internal Revenue Code to provide reimbursement for participants while enrolled in an Entitlement program and for one calendar year after completion. The Mayors will support such an amendment as it will provide cash incentives to youth who maintain long-term employment.

Mr. Chairman, in summary, I would like to add that each of these pieces of legislation contain valuable provisions and promising approaches that I and my colleagues in the U.S. Conference of Mayors hope to see incorporated in the final Act. We are confident that the outcome will strengthen and improve the youth initiatives, which have already made some meaningful, though still limited, inroads into this complex national priority.

I want to thank each of you for your time and attention. I hope that the perspectives of the local officials that I have presented will assist you in your efforts to revamp the youth employment legislation.

Mr. Chairman, I will be happy to answer any questions.

STATEMENT OF MAYOR DANIEL WHITEHURST OF FRESNO, CALIF., AND MAYOR RICHARD HATCHER OF GARY, IND., REPRESENTING THE CONFERENCE OF MAYORS

Mr. Hatcher. Thank you very much, Mr. Chairman. May I say on behalf of the U.S. Conference of Mayors, that we certainly appreciate the outstanding work you are doing and have been doing in the employment sector, generally.

It is an honor and privilege to appear before you this morning to make to you some very brief remarks regarding a specific program that we are extremely concerned about, especially in light of the proposed budget cuts that you have just alluded to.

Before I speak to the issues, I would like to have on the record that it is our hope, in view of the proposed budget cuts in domestic programs, specifically employment and training activities, that when all the axes have fallen, this legislative effort, that is PSIP, will not be placed on the side and left unclaimed.

The Federal Government cannot say, Mr. Chairman, that local governments have not been responsive to program changes and curtailments during the last decade.

The public service employment program (PSE), title VI of CETA, was the only, I repeat the only, program under President Carter's economic stimulus program, that responded effectively and showed the positive results in addressing our economic needs.

Within a few short months prime sponsors across this Nation pulled together and placed over 725,000 economically disadvantaged people in jobs. We were congratulated on Friday and told to phase down on Monday. We complied.

Mr. Chairman, as you recall, this program was authorized in response to the private sector community allegations that prime sponsors were not responsive to the private sector when planning and implementing employment and training activities, specifically the CETA program.

My point is that the impact of the private sector initiative program which has been identified as one of the programs slated for budget cuts, cannot be effectively measured because prime sponsors to date have not received a full funding cycle as intended under the 1978 authorization.

Mr. Chairman, partnerships between local governments and the private sector are just now being finalized in cities all across this country. It has taken 2 years to put in place what was thought to be a natural when conceptualized, primarily because the funding guarantees which were to be used as an inducement for the private sector were slow in coming. This created severe hardships and placed a great deal of unnecessary strains on these "new" relationships.

The most stable and prominent role for employment and training programs is the assistance it can provide in developing and maintaining a healthy labor market. This can be facilitated by helping both employers and workers meet each other's needs—the goal being that all workers receive adequate training and work experience necessary to obtain unsubsidized employment. This goal can only be reached through the active participation of private employers in the design and operation of employment and training programs.

Prime sponsors recognize that four out of every five jobs in the American economy are in the private sector; involving the private sector in the design and implementation of employment and training activities assures that new workers are trained to meet the work and educational requirements of available jobs.

Private employers can supply managerial and supervisory talents not always available in the public sector. Access to employers' facilities and equipment can only improve the quality of training programs and provides work experience in a realistic setting.

Individual employers who participate in the private sector programs and who serve on the private industry councils can effectively convince their counterparts in the business community that government programs can meet their employment needs. At the same time, valuable technical assistance is made accessible to prime sponsors on the desires and problems the private employers have encountered in the past when meeting these needs.

These linkages were all identified during the reauthorization of CETA in 1978 and have been spelled out in many reports. The facts are correct and the needs are there. Unfortunately, the fiscal and management assistance needed to implement this program was not available and it has taken longer than expected to put these systems in place.

The credibility of the private sector initiative program is at stake in many localities primarily because of the inaction of Congress to make firm allocation for both fiscal year 1979 and fiscal year 1980. Guidelines for program control, debated at the national level in 1978, reached the local level in late 1979.

Prime sponsors are just now stabilizing the relationships between CETA staffs, local business groups, community-based organizations, local educational agencies, organized labor and other representatives on the private industry councils. Decisions relating to program content and delivery of services have just been finalized in most localities. The major obstacles to overcome at the onset included encouraging the private sector community that we really wanted their input and changing the attitudes of those prime sponsors who had unfavorable experiences with the private sector prior to PSIP. H.R. 6796 is a proposal introduced by yourself and truly welcomed at a time when we desire and want the business community to view this program as a real commitment by the Congress and the administration to foster closer cooperative agreements between the private sector and local governments. The requesting of a 4-year authorization clearly conveys this commitment.

The U.S. Conference of Mayors supports the increased coordination of these activities with other Federal programs. We also support the private industry councils, as being the facilitator for these other activities. The incentive bonuses addressed in this proposal are in line with present USCM's policies. During the USCM midwinter meeting, policy was adopted calling for "prime sponsors who have developed strong linkages and implemented successful programs with the private sector, be encouraged to continue these efforts by receiving cash incentives."

The flexibility to utilize additional moneys for upgrading and retraining activities is also perceived as an acknowledgement that a large portion of our population is functioning at less than its full skill potential.

We support that intent of title VII and are very much aware of the need to involve the private sector, not only in this program but with other CETA activities, to bring a specialized assistance to prime sponsors on the economic needs. We need this guidance on all of our CETA activities.

In summary, the private sector initiative program when fully funded and implemented, will provide a mechanism which has never been available.

Mr. HAWKINS. Thank you Mayor Hatcher. We will next hear from the Honorable Daniel K. Whitehurst, mayor of the city of Fresno.

Mr. WHITEHURST. Thank you, Mr. Chairman. I am speaking today as chairman of the U.S. Conference of Mayors Subcommittee on Youth. On behalf of the conference, we would like to express our appreciation for the opportunity to address you today on what we regard as an extremely important issue.

I think we bring to this issue the perspective of chief elected officials of communities around the country, also as managers of local training employment programs. We do have a more detailed statement that we are submitting for the record. I will present a summary of that statement now.

Mr. Chairman, the Conference of Mayors, realizing that the current youth employment training programs would be expiring at the end of the fiscal year 1980, in conjunction with the Department of Labor began to obtain input from mayors throughout the country on these programs.

During the last year, a group of mayors representing cities ranging in size from 30,000 to 1½ million, participated in a series of site visits. We went to a number of cities around the country and observed firsthand the youth employment programs in those communities to help us develop some viewpoints and evaluations and formulate conference policy on youth employment legislation this year. The results identify what we feel is needed to give us the capacity to deal with the youth employment problem at the local level.

Mr. Chairman, it is not necessary to dwell on the intensity and scope of the youth unemployment problem, especially talking to you. We know that you fully appreciate the significance of that issue. We all know its staggering proportions. However, it might be of interest that while official statistics place minority youth unemployment at 32 percent, some of our cities experience rates approaching twice that.

Each of us here today is familiar with the predictable and disturbing consequence of youth idleness and unemployment: Vandalism, drug and alcohol abuse, crime, and dependence on public assistance. Mayors, as the chief elected officials in the Nation's cities have ample opportunity to observe the effects of these problems on our local youngsters.

As a result, the Conference of Mayors has for years been actively involved in promoting youth programs as a comprehensive and integrative part of community services. Briefly, I would like to share with you and the subcommittee members our recommendations regarding youth program tools needed to assist this effort.

The mayors recognize that each young person deserves an adequate education prior to entering the world of work. This is something that you just cannot ignore when you are making these assessments. We support the integration of local educational systems and CETA delivery systems. We support the benchmark concept and feel all parties be equally accountable for the success or failure of a program. Alternative educational settings should be provided where the scholastic, physical, or special needs program offered by the regular school systems are unattractive to youth.

The second point the mayors support is the increased involvement of labor unions and the private sector, including small and minority-owned businesses. Cash incentives to prime sponsors who operate effective programs with the private sector are another item that we support. This is piggyback on the comments that Mayor Hatcher has made. To attract smaller minority businesses, a cost-sharing formula should be used to reimburse programs for employers for employing a CETA worker.

The standardization of eligibility requirements for all youth programs is needed. Different categories of programs have had different age requirements and income requirements and so on; we think that restricts the ability of cities to meet their needs. Securing jobs created by other federally funded economic employment efforts is necessary. We noted, for instance, that while economic incentives have been used to attract private industries back to cities, the majority of these programs are structured to accommodate CETA eligibles.

We think youth should also be included. This would permit consolidation of assistance from a variety of agencies and eliminate the current categorization of youth employment programs.

Finally, and related to that last point, we call for the decategorization of youth programs and for multiyear block grant funding. This change would permit prime sponsors to design activities on a long-range basis.

We also propose that smaller cities which have demonstrated an ability to operate effective programs should be given recognition as possible recipients for direct funding. We have felt, for instance, that having to spend so much on summer programs, so much on projects, so much on in-school or out-of-school, breaking it down into various categories limits the ability of cities to respond to the specific needs that they have.

Mr. Chairman, our more detailed statement contains our total assessment of the legislation that you have before this committee. I will just comment briefly on those bills.

H.R. 6711, the Youth Act of 1980, we feel gives broader and more flexible delivery capacity than present law. Besides decategorization, it would enhance our long-range planning. It also calls for community input and performance standards.

H.R. 4465 amends the present law by expanding YIEPP and increasing the number of youths served. We support many of these changes in the legislation.

On H.R. 4534 we think the approach is commendable, but have concerns about the cost of the program.

In regard to H.R. 5876, we find many of the prime sponsors have developed good working relationships with local CBO's and support efforts to develop linkages with national community-based organizations.

We support many of the aspects of H.R. 6208 legislation, except for the unemployment 1-year limitation. The requirement of an agreement between local educational agencies and prime sponsors is commendable. We also support incentives to private businesses. However we do not support a subminimum wage.

Mr. Chairman, in conclusion, I would like to say that each of these pieces of legislation contains valuable provisions and promising approaches that I and my colleagues would hope to see incorporated in the final act. We are confident that the outcome will strengthen and improve the youth initiatives which already have made some meaningful, though still limited, inroads in this pervasive national problem.

I would like to thank you for your time and attention. Mayor Hatcher and I are prepared to respond to any questions you might have.

Mr. HAWKINS. Thank you, Mayor Whitehurst. Mayor Hatcher, in connection with the private industry councils established under title VII, there have been several suggestions about including in the council representation from some other groups on, I assume, that basis that there are many areas in which they are not now completely represented. One of those suggestions has been the failure in many areas to include small businesses or small business representatives.

In your particular experience, what has been the truth in such allegations across the country that in too many areas it has been an exclusion of the smaller businesses that, after all, will possibly be the ones which we would lean to for the greatest amount of employment?

Mr. HATCHER. Mr. Chairman, I think that the natural inclination in forming the council is to go for the larger firms, the larger industrial firms because they obviously represent, in many communities, a majority of the jobs.

In our community, for example, United States Steel would be the major employer. So, they potentially, at least, would have the most jobs for this program, but we have also included small business representatives because in many instances they have more flexibility in absorbing some of these potential employees.

My feeling is that that is a healthy thing. I am not really in a position to tell you what the experience has been of other cities around the country, but I would think we would be missing a very significant sector of the local economy if we did not, in fact, include representatives of small businesses on the PSIP because, as I said, the potential for jobs there, I think, is substantial.

Mr. HAWKINS. Perhaps you know that the chairman of the full committee, Mr. Perkins, as well as the ranking minority member, Mr. Jeffords, and I have introduced a bill pertaining to the extension of title VII of CETA.

Among the provisions of that proposal is a somewhat new concept, although there is some current limited experience that the private sector employment would be tied to—other programs, such as those originating in HUD through community block grants, community urban development grants, and through Department of Commerce, Department of Transportation, the Community Services Administration, and others, through which Federal funds flow into the private sector that in some way CETA—those eligible for CETA would in some way be tied in with such private sector employment.

I would like to get your reaction to that as well as yours, Mayor Whitehurst. First, Mayor Hatcher, then you, Mayor Whitehurst.

Mr. HATCHER. I think we have already—in my testimony I have alluded at least, to our support of that concept. Obviously, the mechanics of it would have to be developed in such a way, hopefully, that the other programs would not be unnecessarily impeded. That is, our ability to carry out the other programs would not be unnecessarily impeded, but I would say as a general proposition that we would support that.

It would obviously expand, again, the market for CETA participants. So, I think that would be basically my position.

Mr. WHITEHURST. I think the use of CETA—linking CETA to opening—a poultry-processing plant that was built with EDA in our community under construction—in fact, they are just about opening—a poultry-processing plant that was built with EDA assistance.

There was an EDA loan guarantee for the construction of facilities needed for this plant. We worked out an agreement with the operator of the company that they would do their hiring through our local CETA prime sponsor.

It worked out as a very nice fit, so we have perhaps 200 jobs that will be filled by CETA employees. One concern that I would have: I think there should be incentives and perhaps a general requirement that CETA be involved, but I would be concerned that if there was an absolute, that if anyone—anyone who receives any kind of assistance whether it is UDAG or a block grant or EDA, that they must be required to do a certain amount of work with CETA.

I am a little bit concerned about losing the whole project. There is—I would hate to win the battle but lose the war on an issue like that. I think the use of CETA should be encouraged.

In our community, for instance, we have considered—I have had discussions with people who wanted zoning from the city. We have said as a condition of your zoning, you have got to sign a contract with the prime sponsor to do your hiring. I think there should be flexibility.

Mr. HAWKINS. The proposal, if I may just simply clarify it, does provide for bonuses to encourage it, but it has also been my own personal experience that when anyone is just about in the position that they can get Federal money, if they are asked, "Will you do such and such a thing?" They are inclined more to do it at that point than afterward.

We have both the carrot and the stick to work with. Mayor Hatcher?

Mr. Hatcher. Mr. Chairman, I just want to add one other caveat. That is, we have several major projects under construction in Gary right now that involve substantial use of Federal funds from EDA, HUD, and other areas.

When we have moved to utilize CETA participants in those projects, the thing that we have been immediately confronted with is organized labor—their concerns about utilization of individuals who are nonunion members or do not meet their union qualifications.

I would hope that if we move in this direction, that some effort would be made to incorporate the cooperation of organized labor in the programs so that that would not become the obstacle to effective utilization of CETA personnel.

I might just give you an example of what I have reference to. We were able to acquire and to renovate a hotel in Gary. We reached the—EDA provided most of the funding. When we got to the point where we were just about complete with the renovation, it was clear that we were going to fall about $200,000 short utilizing regular union personnel.

We then went to organized labor. We went to the union and asked them if they would allow us to use CETA personnel to complete that job. They agreed to do so with the stipulation that we use union personnel to supervise the CETA personnel.

I think that those kinds of arrangements can be worked out with organized labor. Then we would not only provide more jobs for CETA personnel, but you would probably reduce to some degree the costs of the projects.

Mr. Hawkins. We were wondering in what way would they be tied in there, included in representation already on the council. You are suggesting an additional linkage. We are not so sure how the additional linkage can be effected under the proposal.

We agree with the reason for doing so, but how, beyond the current representation on the council itself, would you suggest that this representation be provided?

Mr. Hatcher. Well, I suppose one way would be to try to bring them to the table before, instead of after, the project is undertaken. I do not know what kind of incentives could be built into the legislation for organized labor.

Obviously it would be different from that which you might build in for the employer, but it just seems to me that some thought ought to be given to some way of tying organized labor or getting an overall commitment from organized labor to participate in the manner that I suggested because it just opens up great possibilities in terms of employment potential for CETA workers.

Mr. Hawkins. Mayor Whitehurst, in your statement, you made several references to income eligibility. I think the suggestion was made that the Conference of Mayors supported 100 percent of the lower income standard.

In another place you suggested raising the income eligibility in the current law. In view of the fact that in the administration's bill, they even go beyond the questions that you have made and they have special needs youth completely exempted from income eligibility altogether.

So, in a sense, what you are suggesting and what the President's proposal is suggesting is increasing rather dramatically the target population.

Now, in view of the fact that most individuals are talking about reducing the amount of money that is going to be eligible for these programs and, not only the Conference of Mayors but every group that has come before this committee—has made a very good case for including others than those who are included in any of the proposals—what would you suggest to this committee how we can handle that particular problem in reaching a reasonable solution, if on one hand we concede that this tremendous need is out there?

We seem to be moving in the opposite direction. Where do we end? What do we do in reporting a bill out because we have this specific problem? We cannot talk on the TV to the national audience.

We have got to act on a specific proposal.

Mr. **Whitehurst**. I wish I could give you more guidance than I am probably able to give you. Our statements and positions were developed before recent discussions that have been taking place about budget cuts and so on.

I hear your question, I think, quite well, Mr. Chairman. We are trying to balance the need for flexibility at the local level. Yet, we also support the targeting of jobs toward people who need the most.

I suppose what we are seeking to do is to allow local communities as much flexibility as possible. I can understand the Congress' interest in seeing to it that the dollars are spent in the best manner possible. We think we have that same interest in our communities in targeting those funds.

One possibility, I suppose, in a time where there is going to be cutbacks in the amounts involved, is to lower the income standard and to see to it that the jobs are targeted for kids—young people, I should say, in the lowest income levels.

The problem that we find is those numbers sometimes are not an accurate indication of kids who need the jobs most. There are times, for instances, when there are families who theoretically meet an income level that says they should not qualify. They have perhaps a large family, they have unique circumstances where, in our opinion, being right here where the young people are it appears those people should be eligible for jobs.

They come, for instances, from neighborhoods that are poor with schools that are not of the same qualities as other areas. We feel it is legitimate to find jobs for them.

Having a higher income level gives us that much more flexibility. Well, having a higher one—in other words, what the Congressman is suggesting, how about instead of saying 100 percent, move it down to 80 percent?

Mr. **Hawkins**. Let's use the other suggestion that is contained in the Chair's proposal. That is target to the greatest number but exempt a certain amount which can be used without regard to income in the specific proposal.

We simply say that 20 percent can be used without regard for income eligibility. The other 80 percent must be targeted. That is the way we have approached it whether that is the correct way or not.

Mr. Whitehurst. We think that is a reasonable approach, Mr. Chairman.

Mr. Hawkins. Thank you. There being no further questions, again, the Chair would like to thank both Mayor Hatcher and Mayor Whitehurst for very excellent statements. You have been a tremendous help to the committee. We have a continuing relationship with both of you which we will certainly take advantage of.

We certainly admire the work that each of you is doing in his own particular area.

Mr. Whitehurst. Thank you, Mr. Chairman.

Mr. Hatcher. Thank you, Mr. Chairman. May we say that the feeling is absolutely mutual.

Mr. Hawkins. Thank you. The next witness is Ms. Ann Klinger, county supervisor, county of Merced, also chairperson of the Subcommittee on Youth of the NACo Steering Committee.

Ms. Klinger, I understand you are representing the National Association of Counties. Also seated next to you is Mr. Jon Weintraub, who is not a stranger to this subcommittee. We also would like to welcome you, also, Mr. Weintraub.

Ms. Klinger, your prepared statement in its entirety will be entered in the record at this point. We would hope that you would give us highlights from the statement itself.

STATEMENT OF ANN KLINGER, COUNTY SUPERVISOR, COUNTY OF MERCED, CALIF., AND JON WEINTRAUB, ASSOCIATE DIRECTOR AND LEGISLATIVE COORDINATOR, REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES

Ms. Klinger. Thank you, Mr. Chairman. We are here today to discuss issues associated with the CETA Amendments of 1978, Public Law 95-524, and H.R. 6711, the President's youth bill.

The average wage has been shown to be a major national problem. Surveys by NACo, USCM, the State of Massachusetts, and DOL regional offices have demonstrated the magnitude of the problem. Many prime sponsors are forced to pay wages below the poverty level because of the average wage restrictions.

Studies have clearly shown that PSE jobs in local government have a 2:1 to 3:1 better transition rate than those in CBO's. Yet PSE jobs in most local governments are a thing of the past thanks to the average wage. If transition is still important, we urge you to alleviate the average wage program.

Regarding the average wage provisions we are suggesting the following solutions in order of priority:

SUPPORT FOR REPRESENTATIVE MYERS' AMENDMENT (H.R. 5914)

There are now 39 cosponsors in the House from a broad range of political persuasions of H.R. 5914. This bill would allow prime sponsors to determine their own average wage based on the average of entry level wages that are blow the CETA maximum in that prime sponsor area. The Secretary would verify the methodology used by each prime sponsor.

This approach is the only one suggested to date that would solve the average wage problem for almost all prime sponsors if applied under the present regulations affecting the average wage determination for members of consortia.

Increasing the $7,200 average in section 122(i)(2): NACo and AFSCME have reviewed the impact of increasing the average wage from slightly different perspectives. NACo reviewed how many new position classifications would open up if the average wage was increased to $7,200, $8,000, or $8,200.

AFSCME reviewed what the average wage would be in 33 cities and two counties if the average wage was increased to $7,800, $8,000, and $8,500. Both NACo's and AFSCME's approaches assumed that the new average would simply replace the $7,200 figure in the 1979 terms of the law and be indexed upward as in the present language. The NACo study of a very limited number of prime sponsors shows a significant increase in new available classifications when the average is increased to $8,200.

We recommend that you request that DOL give you a computer run on the average wage for all prime sponsors in fiscal 1980 if the average wage were raised to $8,200. We look forward to being able to review such a computer run. This approach would be the simplest change since you are retaining existing language and only substitute a dollar figure.

With regard to the maximum wage, we would suggest that the PSE maximum wage be established as a percentage of the new average wage, thereby indexing the maximum wage as well as the average wage.

If you fail to amend the maximum wage provisions, most large prime sponsors' averages will equal their maximum wages before the authorization for CETA expires. We recommend that the maximum wage be set at 150 percent of the new average wage.

In our suggestions for changing the average and maximum wage, we recommend that all prime sponsors be held harmless against the existing wage limits so that any quirks in whichever approach is selected does not hurt any prime sponsors.

We would be happy to provide further arguments for why these increases are needed should existing testimony not suffice. We are enclosing the State of Massachusetts study of February 1980 which updates NACo's average survey of July 1979, which demonstrates the need for an amendment.

The 1980 consortia bonuses have been released and provide a 2.2 percent bonus this year. Thus, after the State services account is funded, $2.039 billion of the $2.054 billion was utilized leaving only $15 million for the 1 percent linkages and consortia bonuses; $6 million of the remaining II B, C funds was used for linkages with $24 million from IID, leaving only $9 million for consortia bonuses.

We urge members of this subcommittee to amend section 202(f) of CETA to prioritize funding for consortia bonuses. We suggest that an amendment be added to insure that such sums as necessary be set aside to provide a 10-percent consortium bonus" or a specific percent of the funds be available for consortia in II B, C as it was in section 103(b) of Public Law 93-203.

NACo supports forward funding for titles II B and C, IV, and VII of the Comprehensive Employment and Training Act (CETA). The CETA amendments of 1978 (Public Law 95-524) focused on better management of the delivery system.

Currently, the funding of CETA, which has been marked by continuing resolutions the last 3 years (Public Law 95-205, 95-482, and 96-86), has made prudent planning and effective management difficult.

The CETA system has gone through a series of jolts, an unfortunate pattern which needs to be revised. The forward funding would allow CETA:

To plan and deliver services more effectively with the education community. Currently CETA and local school board planning is out of phase,

To avoid friction among different levels of government with different fiscal years;

To coordinate more effectively with other Federal job creation programs with longer range implementation periods, such as economic development and community development;

To retain effective staff at the prime sponsor level;

To improve selection of enrollees;

To improve the employability development of and placement of clients;

To create more meaningful one-the-job training and work experience opportunities;

To develop year-long contracts in the middle of fiscal year to better provide trained personnel for local businesses; and,

To create a level of certainty within the CETA system.

We propose that this subcommittee amend section 127 of Public Law 95-524 and require the Secretary of Labor to report to the Congress by February 1, 1981, on the advantages for forward funding of titles IIB, and C, IV, and VII.

We support the concept of the chairman's title VII bill, H.R. 6796. We have always endorsed the idea of linking economic development activities with CETA.

We have been disappointed that the Secretary has not chosen to fund section 318 of Public Law 95-524 which provides for such activity. We urge that the subcommittee in cooperation with the Labor-HEW Appropriations Subcommittee direct the Secretary to fund section 318 and link those activities with your bill.

With shrinking budget authority for title VII, we cannot endorse the reduction in prime sponsor allocations from 95 percent to 85 percent of the funds available for this title. We support the provision in H.R. 6796 that allows 15 percent of the formula funds to be available for title IIC activities for clients without regard to income.

We suggest that the eligibility language in section 701 of Public Law 95-524 may need to be amended to support this approach.

NACo would support an amendment to allow clients in any part of the CETA system to be immediately eligible for a tax credit, WIN and/or TJTC. This eligibility could expedite placement in the private sector, especially for the large numbers of PSE participants who will lose their jobs resulting from anticipated budget cuts.

Also, we want to alert the subcommittee to the continuation of a serious problem that you addressed during reenactment. Sections 103(c) and 104(e) were serious attempts to rationalize and stabilize the CETA system by limiting the frequency of directives and policy changes.

As of March 11, 1980, this is the situation: 163 days into the fiscal year, 182 field memorandums had been issued. Field memorandums further explain the law and regulations and elaborate on new activities.

This represents an average of over one per day even if you count weekends and federal holidays. Surely, this does not correspond to the intent of Congress in designing the planning system outlined in sections 103 and 104 or in its request for paperwork reduction in sections 127(e)(2) and (h) of Public Law 95-524.

We hope that this subcommittee will take the necessary steps to halt the everchanging barrage of messages to the prime sponsor system.

Finally, Mr. Chairman, I hope that we can work together with appropriate Labor Department officials to find an effective amendment to section 106. As you know, there has been some criticisms of the Department for not being rigorous enough in requiring repayment and collecting misspent funds; with the 1978 amendments, CETA has been tightened up, the Inspector General's operations are well under way and, as so often happens, the pendulum has swung completely in the other direction.

Prime sponsors are being driven from the program by a new, rigid insistence on dollar for dollar payback of local tax dollars for petty mistakes in administering the enormously complex CETA program. Just last month, Berrien County, Mich., voted 9 to 2 to give up their prime sponsorship.

With unemployment so high in Michigan right now, you may well wonder why a county—especially one with a particularly effective CETA program—would choose to give it up. First, the commissioners checked to make sure that their needy citizens would not lose out—the law requires that somebody operate a program in Berrien County.

Once that fact was established, the commissioners found it simple to drop CETA, because of the enormous new financial liability. According to the newspapers, the Department's audit was the last straw.

An audit that covered over $36 million in CETA programs uncovered only about $10,000 of disallowed expenditures. Instead of giving Berrien County a medal for achieving an error rate of 0.028 percent, the Department is insisting that the entire $10,000 be paid back out of local funds. This is simply ridiculous particularly when you think of CETA's buildups, transitions, changing signals, and retroactive rulings.

Prior to discussing youth legislation, I want to tell you something about my county of Merced and its concerns. I represent a small county of 120,000 people. Last year our unemployment rate averaged 10.7 percent, while the State of California averaged 6.2 percent and the Nation 5.8 percent. The 10.7 percent average was low due to an excellent agricultural season. In January 1980, our unemployment rate hit

12.2 percent while California was 5.8 percent and the Nation was 6.2 percent. In my county, youth represent 12.4 percent of our population and 29.1 percent of our unemployed population. Youth represents 26.2 percent of our poverty population. Clearly, Merced County has serious unemployment problems. Consolidation of existing youth programs with uniform client eligibility is particularly crucial to a small county prime sponsor receiving a minimum of administrative funds.

Turning to the administration's proposal to modify and extend the title IV programs, the National Association of Counties supports any effort to consolidate and simplify the enormously complex requirements created under the Youth Employment and Demonstration Projects Act of 1977.

Exchanging an old set of acronyms for a new set of acronyms is not consolidation. We're concerned that the division of funds proposed by the administration does not accomplish its own goals of consolidation and simplication.

First, the distribution of funds is a concern. We seriously question the administration's proposal to split the funds equally between the two titles. At a meeting on March 2, 1980, NACo's employment steering committee passed a motion in support of all titles I and II funds going by formlas to CETA prime sponsors which would have responsibility for deciding which education programs work in their community and which should be funded.

Within title I, entirely too much money is outside the basic formula grant. As you know, only three-fourths of the 59 percent assigned to CETA prime sponsors would be distributed based on the YETP formula. That is $497.8 million compared to $693 million currently available under YETP, a $200 million reduction.

Since YCCIP and YIEPP are to be eliminated, the proposed funding level insures that prime sponsors must engage in a desperate effort to obtain incentive funds simply to avoid a one-third disruption in their current programs. The disruption goes further because there is a matching requirement on every incentive dollar obtained by prime sponsors. Thus, the pool of funds available for locally determined program needs can be expected to be greatly reduced.

Simply stated, there are too many minipots and minisplits in this bill.

Let me take a look for a moment at the eligibility requirements of the administration's proposal. NAC supports uniform eligibility for all youth programs including summer youth at 100 percent of the BLS lower living standard income level for economically disadvantaged. We hope that the administration will simplify its language and ensure uniform eligibility throughout both titles. We applaud the inclusion of a 10-percent non-income-eligible group and hope that it will be clear that the prime sponsor determines "who otherwise demonstrates the need for such services."

Another major area of concern involves paperwork and reporting. This bill moves away from the comprehensive planning process and plan which this subcommittee tried to promote in the 1978 CETA amendments. We oppose the creation of a separate youth plan and separate youth planning requirements.

We support the provisions of section 103 and have long urged the Department genuinely to implement the notion of a comprehensive plan for CETA, rather than "subparts" for each title, separate grants and separate reporting.

We feel very strongly that the management of CETA by title and/or categorical program area on the national level simply distorts the success that prime sponsors are having in providing a comprehensive sequence of services to people in need in their communities.

We urge that, as a minimum, youth funds be awarded at one time and by one grant document. While this appears to challenge the idea of incentives, we suggest that a single target figure could be supplied for each prime sponsor. The prime sponsor would not have to apply for multiple pots of funds in multiple tiny grants for special purposes. The prime sponsor would have the option of applying for all incentive funds for one or more targeted purposes. This would help streamline the grant process at the same time that it would maintain the incentive notion.

We agree with the notion of emphasizing individual assessment of each enrrollee's needs. We are wary, however, of legislation that seems to require written employability development plans and individual achievement records on every enrollee. We have had too much experience with enforcement of paperwork requirements at the expense of genuine accomplishments. Therefore, we hope the committee will urge caution on the Department in implementing these provisions of this bill.

We oppose the continuation of the Title IIB: Maintenance of Effort Requirement. Funding for youth in title IIB should be left to the discretion of the prime sponsor. Fiscal 1980 title IIB youth services should not be based on funding levels in fiscal 1978.

We question whether true consolidation has been achieved in this bill. It appears that we are replacing YCCIP and YIEPP with SPIG, special purpose incentive grants, and other new acronyms.

We question the desirability of the Secretary having control over such a large percentage of funds under the President's bill—subparts 2 and 3. We recommend a $125 million ceiling on the 10 percent Secretary's discretionary pot. We also recommend that sufficient funds be diverted from the 22 percent pot to hold harmless the current $693 million funding level for basic grants. We cannot support the administration's matching requirement.

The CETA system has had more than its fair share of shock waves. Let's take the time necessary to draft an excellent youth bill. In the meantime, let's extend YEDPA with the necessary amendments to the existing CETA law on average wages, flexibility for the Secretary in determining prime sponsors' liability, consortia bonuses, and others listed earlier.

We certainly appreciate this opportunity to testify this morning—to testify before your subcommitee. We look forward to answering all those questions that you might have.

Mr. Hawkins. Thank you, Ms. Klinger. The statement, I think, is a very excellent one. The Chair wishes to commend you on it. There are several questions I would like to direct to you at this time.

First, with respect to the average wage, which seems to have occupied a substantial amount of this statement; in view of the fact that budget cuts are being suggested and, I suppose, with some degree of realism we face them, and in view of the fact that currently the program is suffering because the wage is obviously too low, this Committee recommended a much higher wage at the time the bill came out of this committee.

Unfortunately, it was amended during the legislative process. In view of that fact, the two facts side-by-side, how realistic is it at this time to increase the average wage provision when obviously we are not in a position—or will not be in a position even to fund the current wage provision as it is now operating—I am not suggesting that we stop all progress, because of this threat, but is there any particular middle road we can take that will provide the committee with some degree of credibility in acting at this time?

Ms. **Klinger**. Well, from my perspective, the current average wage simply is not workable. If we do not do something about changing it the program is going to fall apart in many areas.

Mr. **Hawkins**. The budget cutters do not look at it that way.

Ms. **Klinger**. I can appreciate that. NACo certainly endorses moving toward a balanced budget. We appreciate the task that is before Congress.

In the meantime, we must have a workable program, one that is still on its feet and moving. When you take a look at the inflation rate—when we suggested the $8,200, if we continue at 15 percent, that would be eaten up in 1 year.

We are talking about a multiple year funding here. So, while I appreciate Congress concerns on budget cuts, and I anticipate them and I expect to work in the constraints of those budget cuts, nevertheless, we feel that the average wage has to be changed.

Mr. **Hawkins**. The Chair disagrees with the budget cuts and does not intend to work within that restraint——[Laughter.]

However, there are problems ahead. There may be some that are not going to be able to prevail. Let me try to be a little bit more realistic and down to earth with you.

What about the suggestion that we raise, as you have suggested then, the average wage. Then allow a supplementation at the local level up to, say, $10,000. Do you think that that would offer a workable solution at this time?

Ms. **Klinger**. In some jurisdictions that might be better than what we have at the moment, but I think with Jaws II, proposition 9 that is on California's budget this June—in our State we call that Jaws II. I am not sure that the local jurisdictions pick up a deficit that is all that realistic in our State.

Perhaps some States are not going to have those constraints. I want to be sure that I made it clear that I was anticipating those budget cuts, not suggesting that——

Mr. **Hawkins**. Our particular State in this instance can avoid that situation by not approving Jaws II. If they feel that in approving such insane ideas that they are going to be somehow rescued at the Federal level, then it seems to me that we have got to send them the message that "You are just not going to be able to do it."

I do not think that we are going to have some of these States, including States of other representatives of this committee rescuing a State that has a surplus. Unfortunately, I do not think that that—let us shift to another question.

With respect to the youth proposal—I will just ask this as a simple question. In a sense, on page 14, you have suggested what seems to me, perhaps, the way that the committee is now moving. In the second to the last paragraph, you said:

"Let's take the time necessary to draft an excellent youth bill. In the meanwhile, let's extend Youth Employment and Demonstration Project Acts with the necessary amendments to the existing CETA law on average wage, flexibility for the Secretary in determining prime sponsors liability."

In a sense, I think that is true. Mr. Jeffords and I, on a bipartisan basis, are attempting at the present time to work out a youth bill, the best suggestions we have received from these hearings with the intent of building on what is currently operating rather successfully, rather than shifting.

We understand that prime sponsors, local governments, and others throughout the country are beginning now to look ahead for planning the rest of this year and 1981. I would assume that plans are being held up because of the uncertainty of what we are going to end up with at this level to impose on you at the local level.

So, I would simply agree with your statement there as being, in a sense, what this committee has already resolved to do. The final question——

Mr. **Weintraub**. If I could comment, Mr. Chairman?

Mr. **Hawkins**. Yes, Mr. Weitraub.

Mr. **Weintraub**. We would certainly endorse that approach. We would hope that you could include consolidation of existing programs with a simple extension so that you can allow prime sponsors to implement the bests of all the ideas that are available, whether it is entitlement or any combination thereof in their community

Some of the ideas work well in a community. Some do not. Let's have a laundry list of the allowables and let primes decide within certain instructions which ones work best in their community.

Mr. **Hawkins**. If the Chair can suggest, Mr. Weintraub, the trouble which I am sure Mr. Jeffords and I have both thought about, is it ceases being a simple extension. We run into difficulties once we get into amending, even though an amendment might be desirable.

We do open up the entire subject. In that way, entertain other ideas, good as well as some bad ideas. We have reasons to believe a simple extension, if it can be sold as a simple extension, is a lot more politically acceptable at this time than incorporating ideas no matter how meritorious they might be.

Mr. **Weintraub**. I would agree with you, but no matter what we do with CETA, it is going to get shot at on the floor.

Mr. **Hawkins**. Including the sponsors.

[Laughter.]

Mr. **Jeffords**. I am not sure we are concerned at being shot at on the floor as we are by you a year from now when we come up with a new youth program. So, you are going to run right into your own testimony that we are fooling around and sending out conflicting signals for so long that we are getting tired of it.

I agree, though I would hope we could come up with a new youth bill this year. I do not think we ought to do both. I do not think we ought to fiddle with title IV, then come out with a new program.

Ms. **Klinger.** I appreciate that position.

Mr. **Jeffords.** It is very excellent testimony. It is the kind of detailed testimony we like to see, especially when it takes parts of a bill and really goes into why they will or will not work.

I appreciate, very much, the effort which I know went into your testimony.

Ms. **Klinger.** Thank you.

Mr. **Hawkins.** Ms. Klinger, on page 6 of your statement, you made reference to the amount of paperwork that is being required. I think the committee was impressed by this statement. I suggest we explore further the idea of why this amount of paperwork should be required or should be necessary.

In conjunction with you and Mr. Weintraub, certainly we will instruct the staff of the committee to take the example that you have cited and see in what way we can use that as a basis for improvement.

I think it is very well stated. Certainly, we will explore it with you.

Ms. **Klinger.** Great; thank you.

Mr. **Hawkins.** Thank you, again Ms. Klinger. We would like to express our appreciation to you and Mr. Weintraub for the testimony.

Ms. **Klinger.** We appreciate the opportunity. I appreciated your comment on proposition 9.

Mr. **Hawkins.** We have a job to do, though. I will tell you that. The next witness is Ms. Jessie Rattley, president and councilwoman for the city of Newport News, Va. Ms. Rattley is representing the National League of Cities.

Ms. Rattley, the Chair would like to express appreciation for your friendship and association for many years. Certainly for the work you have done in connection with the National League of Cities.

We have enjoyed a very good rapport with the staff of the National League of Cities and certaintly, I am sure, a lot of it is due to the very fine leadership that you have given to the National League.

We welcome you before the Committee this morning as a witness.

[Prepared statement of Jessie Rattley follows:]

PREPARED STATEMENT OF JESSIE M. RATTLEY, COUNCILWOMAN, NEWPORT NEWS, VIRGINIA, AND PRESIDENT, NATIONAL LEAGUE OF CITIES

Mr. Chairman, members of the Subcommittee, I am Jessie Rattley, Councilwoman from Newport News, Virginia and President of the National League of Cities. I am pleased to be here today to testify on behalf of the League of Cities and the 15,000 cities we represent on the youth employment proposals now pending before your committee.

In August of last year, I chaired an NLC Task Force of City officials convened to discuss the problems of youth in general and unemployment in particular and to develop a position on the future direction of youth employment programs. My testimony will, in large part, be based on the report of this Task Force.

While recognizing that many programs geared to ameliorating the unemployment problems of disadvantaged youth could be improved—some, particularly education, more significantly than others—the Task Force recommended that the Youth Employment and Demonstration Projects Act of 1977 be reauthorized for at least one more year.

As this Subcommittee knows well, there have been many problems associated with implementing CETA. In part, we believe that many of these difficulties are the direct result of the continual re-structuring, the significantly varying funding levels and the constantly changing purposes of CETA. In its very short history, there has scarcely been a year that did not see some major alteration in CETA. We believe it is unrealistic to expect a positive, measurable result when the rules of the game never remain constant long enough to develop a smoothly functioning employment system.

Now, here we are again, looking at a number of proposals that would re-structure and re-direct our only major youth employment program. Taking into account the time necessary to develop regulations at the federal level, and the time necessary to understand and develop a rational program, it is appropriate to say that the YEDPA program has only been operational for about 18 months. In addition, the existing youth legislation includes components designed to approach youth employment from new and untested perspectives. There was every expectation that the results of these demonstrations would produce successes as well as failures. Consequently, we believe it is much too soon to draw accurate conclusions about the program's experience thus far, much less about its long-term implications. We believe that continuity of program operations and certainty of funding levels are two of the important ingredients in successful program operation. In addition, the Youth Task Force identified five principal areas of concern not adequately addressed in current programs and developed recommendations to deal with each of these problems. We regard these issues as neither exclusive nor exhaustive, but as some positive steps toward resolution of the problems of youth unemployment. The five areas are:

1. *School to work transition*.—We as city officials, do not believe that the educational system in this country is adequately preparing youngsters for their own future independence and self-sufficiency. Too many young people complete their schooling not at all ready for the world of work. Many lack the basic skills—reading, writing and arithmetic—essential for employability. Even those who have these basic skills have little idea of what jobs are available to them, how to obtain them or the longevity of various jobs available to the non-college bound.

The federal government seems to have little reluctance in demanding detailed accountability from local governments in their administration of federally funded employment programs; and little hesitation about setting national performance standards. Yet nothing comparable is demanded of the school system in accounting for their expenditures of federal dollars.

The existing youth legislation mandates that prime sponsors spend 22 percent of their YETP funds in cooperation with local education agencies. Yet similar mandates to schools to cooperate with the employment program operators are non-existent. While some of us may resist these federal mandates, we believe it is entirely appropriatte for the federal government to implement national objectives in this manner. While the experience—albeit too limited at this point to draw conclusions—under the 22 percent set-aside has been uneven, it has, if nothing else, encouraged the employment community to talk to the education community. And it is remarkable how the availability of funds can facilitate agreements that would otherwise never have been considered. We would, however, like to see some reciprocity, i.e., a mandate for the educators to sit down and develop joint strategies with the employment community, both public and private.

Specifically, the Task Force recommends that as a first step, the schools be held accountable for teaching youngsters to be proficient at least in the basic skills. We also recommend that where possible potential new educational resources be directed to developing curricula geared to employability. Emphasis on counseling must be expanded to include guidance and advice for those youngsters who are not college bound. Such counseling should also be available outside the schools as should access to remedial education, work orientation and training activities. Community colleges, community-based organizations, unions and the private sector should all be encouraged to participate in enhancing the employability of our young population. Job counselors must have direct contact with job training programs and whenever possible, with potential employers as well.

2. *Private/public sector participation*.—Since it is accepted that the preponderance of job opportunities are and will continue to be available in the private sector—and that many of these jobs are provided by smaller firms (those employing fewer than 500 people)—publicly funded employment and training programs must be geared more closely to the long-term needs of these employers. Job program information must also be better disseminated to these employers.

Too few private sector employers are aware of existing tax incentives available to them if they hire economically disadvantaged youngsters.

Certainly, the existing CETA Title VII, the Private Sector Initiative, is a step in the right direction. The Task Force recommends that incentives—such as the Targeted Jobs Tax Credit (TJTC)—be continued and that proposals such as exemption from Social Security liability for a limited period of time at least be tested.

We need better long-term labor market analyses on which to base more appropriate training programs. And, we need better coordination of information as well as resources available to and from the federal government. For example, the Department of Commerce keeps current lists of private enterprises which apparently are not shared with the Department of Labor. Perhaps these lists would be useful in promoting the TJTC.

3. *Local flexibility.*—I cannot overemphasize the need for local flexibility in designing employment and training programs relevant to local requirements and problems. What works in one community is not necessarily a prescription for curing another community's ills. We are interested in how other communities solve their problems, but we do not believe that effective programs can be designed in Washington and work in communities of varying size with differing unemployment rates and other assorted problems. We local elected officials are the ones most intimately acquained with our communities and their problems; we are more directly responsible for the future viability of our communities.

Our Task Force suggested that one approach might be a system of rewards and incentives in which prime sponsors who demonstrate effectiveness in administering, targeting and monitoring successful youth programs are granted greater program flexibility. We also need provisions permitting innovation at the local level, and encouraging local governments to coordinate employment and training programs with other federally funded initiatives.

4. *Program administration.*—Local governments continually battle problems of inconsistency and instability in program planning, development and implementation. Funding projections and final allocations are frequently widely disparate. Federal and local budget cycles rarely coincide. Legislative mandates for forward funding included in authorizing legislation are infrequently adopted in appropriations measures.

The Task Force recommends multiple year funding for youth programs to improve coordination in the delivery of services and rational program development. We also recommend consolidation and coordination of programs operated by different federal agencies so that local governments have an opportunity to maximize federal resources at the local level without impossible administrative hurdles. The Youth Task Force recommends programs be evaluated on the basis of well-defined performance standards that related to program administration and participant development, not solely on the basis of positive placements. Placement statistics can be misleading, particularly in youth employment programs.

Wage restrictions for supervisory personnel should be loosened to ensure quality supervision. Separate funding arrangements should be made available for this program.

5. *Eligibility criteria.*—Eligibility criteria for participation in youth programs must be broadened to include not only the economically disadvantaged but should also include some flexibility to permit jurisdictions to deal with individuals who are disadvantaged by virtue of physical or mental impairment, their status as offenders, educational deficiency or their status as teenage parents.

The process for applying for participation in youth employment and training programs is far more complex and restrictive than the job application process. We believe that if it is part of our intent, in operating youth employment programs, to acquaint youngsters with the world of work, the application process for a training slot ought to be somewhat approximate to the procedure for securing a job.

Funding allocations should, at a minimum, be consistent with eligibility criteria. If the target population includes individuals with incomes at or below 85 perecnt of the BLS lower living standards, funding should be based on the incidence of this population in a given jurisdiction.

I would also like to comment briefly on several proposals now before your Committee: H.R. 4465 seems to be the least disruptive of existing local program operations. It retains the major program structure funded under YETP, and expands the eligibility for prime sponsor participation in the entitlement program in target areas of greatest need. It provides continuity over the next four years. The measure provides flexibility to serve non-income eligible disadvantaged youth. These provisions are in conformity with the Task Force recommendations.

It goes without saying that we clearly appuaud the additional resources provided in the bill. On this question, however, I must explain that on Saturday the NLC Board of Directors met and spent considerable time discussing the President's proposals to stop inflation. We recognize the severity of the crisis the President is trying to resolve and we are willing to take our fair share of proposed cuts. However, we identified several key federal programs that from the perspective of the cities are inviolable. Employment programs are very definitely in this category. What I'm saying Mr. Chairman, is that we will be happy if we are able to maintain what we have.

The measure proposed by the Administration also has a number of the Task Force recommendations. The Task Force called for schools to develop curricula particularly geared to employability; also, that schools be held accountable for preparing youths with basic skills. While the Administration's bill does address this concern, we feel that it does not provide the accountability necessary to ensure that funds are used effectively, or the necessary assurances that corrective actions are taken for ineffective programs.

With regard to the Department of Education component Mr. Chairman, I recommend that there be a provision for sign-off and review of the local school system plan by the appropriate local chief executive officer. This will enhance community-wide coordination and cooperation and better linkages between related programs.

Mr. Chairman, I further recommend with regard to that component, that the school district Advisory Council appointees be jointly approved by the local school district Superintendent and the local general purpose government.

The proposed formula in the Administration bill will inadvertently penalize urban school districts which currently have a higher cost per pupil expenditure. I therefore recommend that both the poverty index and the average per pupil expenditure per district be the criteria for allocations for new youth employment and education programs under the Department of Education.

We also recommend that there be incentives above and beyond basic allocations for those communities experiencing special hardships and for those having demonstrated effectiveness in program administration. The Administration bill provides incentives for federally selected target groups and special supplements for areas with severe problems.

The Task Force recommended that categorical YEDPA programs be consolidated under one title authority with common eligibility requirements provided that such requirements allow for local program flexibility. The Administration's bill provides for all three of these elements: consolidation, uniform eligibility criteria, and local flexibility in selecting youth for participation.

We recommend multi-year funding. While the Administration's bill provides for forward funding for schools, it does not provide forward funding for CETA prime sponsors.

We strongly suggested that there be alternative arrangements for providing employment skills and basic education for those youth who have left the formal education system. The Administration's bill provides for funding such alternative school arrangements.

Thank you Mr. Chairman for the opportunity to testify on youth employment legislation. With your permission, I would like to submit a copy of NLC's Youth Task Force Report for the record. I would be happy to respond to any questions you may have.

STATEMENT OF JESSIE RATTLEY, PRESIDENT AND COUNCILWOMAN FOR THE CITY OF NEWPORT NEWS, VA., REPRESENTING THE NATIONAL LEAGUE OF CITIES

Ms. RATTLEY. Thank you. I am very pleased to be here today to testify on behalf of the National League of Cities, and the 15,000 cities that we represent on the youth employment legislation now pending before your subcommittee.

I have a rather lengthy statement that I should like, very much, to summarize. An NLC Youth Task Force, which I chaired, met last summer and made a number of recommended improvements in the existing programs targeted to youth. These recommendations are:

No. 1, school-to-work transition; the schools should be held accountable for teaching young people to be proficient at least in the basic skills.

Employment related curriculum and activities such as counseling, work orentation and training, should be expanded.

Alternative education programs outside the school system should be developed.

No. 2, private/public sector participation under title IV should be continued.

Incentives, such as the targeted jobs tax credit, to encourage private employers to hire disadvantaged youth should be continued. Additional incentives, such as exemption from 6 months of social security liability, should be tested.

Information and resources available to and from the Federal Government should be coordinated better.

No. 3, local flexibility; prime sponsors of demonstrated effectiveness should have incentives and rewards available to them. These incentives could take the form of additional flexibility at the local level.

A creation of innovative programs and experimentation should be permitted at the local level. In other words, we are asking for more participation at the local level.

Coordination of Federal resources at the local level should be encouraged through regulation and funding of programs.

No. 4, program administration; we feel that should provide consistence in program planning by adopting legislation which remains essentially the same for a reasonable period of time.

To stabilize funding by: multiyear funding, and providing for a reasonable relationship between planning allocations of actual funds.

Coordinate Federal programs by insuring similar funding cycles and uniform eligibility criteria.

Relate performance standards to program administration and participant development.

No. 5, the eligibility criteria; permit the inclusion of individuals who are not necessarily economically disadvantaged but who have problems that are barriers to employment such as the handicapped, teenaged parents, and individuals in the criminal or juvenile justice system.

Simplify the application process for participation of employment and training programs by eligible youth, and base allocations on eligibility criteria.

I should like to comment briefly on several proposals pending before your committee:

H.R. 4465, the Youth Employment Act of 1979 meets many of the recommendations of our task force:

It retains the major program structure funded under current law;

Expands the entitlement program to target areas of greatest need;

It reauthorizes the program for 4 years; and provides flexibility to serve nonincome eligible youth.

While we applaud the additional resources provided in your bill, Mr. Chairman, given the current circumstances we will be quite happy if we are able to maintain what we have.

In H.R. 6711, the administration bill also incorporates a number of the recommendations of the task force:

It permits the development of employment-related curriculums; but we do not believe it provides the necessary accountability to insure that funds are used effectively by the school systems;

With respect to title II, the education component, we recommend that there be provision for sign-off and review of the local school system plan by the appropriate local chief executive officer.

We also recommend that advisory council appointees be jointly approved by the local school district superintendent and the local general purpose government.

The proposed allocation formula in the education title should be amended to include both the poverty index and the average per pupil expenditure down to the district level.

With regard to the employment component in title I, we support incentives to communities experiencing special hardship but would also like to see incentives offered to prime sponsors of demonstrated effectiveness, as I mentioned earlier;

We support the provisions which consolidate the basic grant, provide uniform eligibility criteria and local flexibility to include nonincome eligible youths.

We are disappointed that the measure does not include multiyear funding for the employment system as it does for the education component. We also think the administration's proposal includes too many set-asides and that entirely too much is left to the discretion of the Secretary through the development of regulations.

In conclusion, Mr. Chairman, we believe that CETA has been problematical to implement at the local level because of the many changes in its very short history. We foresee similar problems in effective implementation of youth programs if it, too, is changed too frequently.

We recommend that the existing legislation, with some improvements—such as grant consolidation, uniform eligibility criteria and flexibility to include nonincome eligible youth—be extended. It seems to us that we should wait with major program revisions until the time constraints are less rigid and until the current budget situation is clarified.

Thank you, very much, Mr. Chairman.

Mr. HAWKINS. Thank you, Ms. Rattley. Ms. Rattley, on page 8 of your statement in the first full paragraph, I was struck by some—they state—you state in that paragraph that on Saturday the National League of Cities Board of Directors met and spent considerable time discussing the President's proposals to stop inflation.

You went on to say, "We recognize the severity of the crisis the President is trying to resolve and we are willing to take our fair share of proposed cuts. However, we identified several key Federal programs that from the perspective of the cities are inviolable. Employment programs are very definitely in this category."

This, of course, is what each group that appears before this committee, and I suppose every other group, is saying: That is, it has certain programs that must be protected. When you begin to add up all the programs that are going to be protected, we would have to increase the Federal budget rather than decrease it.

So, it seems to me that the parts do not add up. No one has given consideration to whether or not the budget can be balanced by increasing revenues, let's say, or some other method, rather than cutting out some of these very key programs that have been identified by each group that has come before this committee.

I would—it seems to me that we are facing, therefore, a very impossible situation in that we are not really talking about a $13 billion cut in the budget, but we are closer to talking about $30 or $35 billion having to be cut out of the budget, if it is going to be brought into balance the way it is being proposed.

I just wonder how it is that such a prestigious board that met last Saturday can come to this conclusion in a world in which we are living today. It just does not seem to be making sense.

I thought maybe you might be able to make sense out of such a position that to me is just impossible to actually derive by any type of rational reasoning on the part of human beings today.

Ms. **Rattley**. I shall make an attempt. Out of the 400-some Federal programs, the board of directors selected five areas we plan to fight and fight very hard to, at least, maintain the current level.

We feel that employment for youth is very critical to local governments. The program was already cut from 725,000 jobs to 450,000 jobs. At the minimum we would like to maintain this effort and try to provide jobs for our youth.

We are also saying to the President and the administration and the Congress, that it seems apparent to us after talking to Members of Congress, that we have a balanced budget fever in Washington.

We would prefer to have many of our programs extended and increased to meet the real needs in our community. The question is, what will happen to localities when these cuts take place? We are not knowledgeable as to the specific cuts at this time. We feel that, as responsible leaders at the local level, we will be willing to take a fair share of the cuts. That is what we are saying to the Congress and to the administration.

I do not think that the National League of Cities is saying, "Cut everybody else, but do not cut me," and "We want more and more and more." We are trying to be responsible by saying—in light of what we feel is a reality that Congress will, in fact, balance the budget this year, and there will be cuts, in fact—we are saying, "What are the top priorities for our Nation's cities?"

The board voted on five areas. Employment was one of the five, so I do not think we are saying one thing to the administration and Congress about supporting the plan to balance the budget in hopes that this will fight inflation.

We know that this is a serious problem in this country because we know just about how much that will do to really cure inflation in this country. We do feel it is a beginning. We feel that we are realists and we are simply saying, "If there will be cuts"—and we feel there will be—"let's look at our priorities, and let's at least hold the line on these programs because they are critical to the humans we serve on the local level."

I am very concerned about the high unemployment rates in our cities today. I feel very strongly that it will present a very serious problem when we cannot tell the young people of this Nation, "There is a job for you." That we are interested in providing opportunities for you also to enjoy a quality of life that I think we all deserve.

So, we were simply trying to prioritize those programs that we felt were critical at the local level.

Mr. **Hawkins.** You are making a lot of sense, all right, in the explanation. However, when one says that the balanced budget comes first, then that is the mistake that I am suggesting is being made.

Why is it that a balanced budget is so important that we are going to sacrifice our youth, our elderly, the handicapped individuals and other needy citizens in order to achieve a balanced budget? Is that the important thing, to have a balanced budget at all costs? If we are going to have to do it, why can't we do it otherwise?

Why is it that groups have to concede—they start out by saying, "We agree with your balanced budget. We agree with budget cuts."

Isn't there some alternative? Just last week before this committee, Leon Sullivan—I am sure you know Leon Sullivan—came before this committee and in a very dramatic way indicated the seriousness of youth unemployment in this country and, I think, indicated a very explosive situation.

Yet, we know among these budget cuts that youth jobs are going to be cut. I do not think that any reasonable individual is unware of the fact that if these budget cuts go through, that jobs for youth will be taken away this summer and elsewhere. They are going to be included. Yet, we are already saying that this is an explosive situation, that we cannot possibly sustain it. We may suffer seriously from it.

Yet, we place a balanced budget in preference to that concern. If every group takes that same position, then you add to the fever. That is the reason the fever is here in Washington, not because the pressure is put on us in Washington. It is put on us from the local level.

I am not directing this to you personally. My own mayor this morning, Mayor Bradley, had me in a little set-to because he is trying to protect everything that is going to go to Los Angeles.

I had to tell him what I thought about it. That is coming very, very close to home. He is not going to get what he wants. If he says, "Well, look—" He is giving me a different laundry list of things that they have got to have. I think every Member of Congress has been given that same list.

So, it adds to the fever. It arises at the local level rather than here in Washington. It just simply means that before the end of the year—again, I am using "you" in a general sense—local officials at the local level are going to have added responsibilities. They are going to have more unemployment. They are going to have more inflation. You are going to find it difficult to sell bonds. You are going to have your revenue sharing sliced for you.

You are going to have economic policies that are going to mean stagnant growth in this country. They are certainly going to add responsibilities to you. I am quite sure that when some of the projects in your area and other areas close up, somebody is going to suggest to get in touch with their Congressman. Then the heat is going to be put on us, because all these things are happening. It just seems to me that is what we are facing.

Until either we face up to it—I just do not think local officials as well as those of us at the Federal level are trying to explain to the people before the end of the year the distress that we have caused for them if we do not do something about it now.

I would hope that such a great and growing group as the National League of Cities would have met last Saturday and would have looked at it a little differently from the way that some of us would have looked at it.

Ms. RATTLEY. Personally, I agree with you. I am speaking on behalf of the board of directors of the National League of Cities. It was the vote of the National League of Cities.

I do not, however, think that the board members are saying that the balancing of the budget is more important than the concerns we have at home. I do not think they are saying that. I still think we are taking the position that the cuts are inevitable at this point. We are very aware this is an election year, Mr. Congressman. The fever is there.

It appears to me that it is going to be responded to by the administration and the Congress. Within that framework, we simply are saying these are our top priority items.

Mr. HAWKINS. Mr. Jeffords?

Mr. JEFFORDS. Thank you. I have just been interested in listening. I do not have much to add other than to say it is curious that one of our Senators, the other day, said, "By God, we have to balance the budget, but there is not a cent that is going to come out of Vermont." [Laughter.]

So, I sort of know what is going on in that respect. Of course, I also never miss a chance to shoot at the administration but they have everyone believing that when we balance the budget, somehow, mystically, then inflation is going to go.

At the same time, in the same breath, within this week we have added—though people have not really realized it yet—we have added 25 to 35 cents a gallon to home heating oil and gasoline by virtue of the windfall profits tax and decontrol. The President wants to put another 10 cents on top of this with his fee. If you add those together from the inflation point of view, you are going to have 3 or 4 percent from those two acts alone.

But balancing the budget is going to solve inflation? I find it a little difficult. I could not miss that opportunity. I do not have any questions, thank you.

[Laughter.]

Ms. RATTLEY. Thank you very much, Congressman Hawkins. I am very pleased that I could come and let you have an opportunity to really vent your feelings about how you feel about balancing the budget. I will have to agree that balancing the budget to me, personally——

Mr. HAWKINS. It was your statement that agitated me, not your presence. [Laughter.]

Ms. RATTLEY. I think it is great that we were able to have a frank discussion. I do agree with you. I hope—I guess that is all I can do now—after the elections are over, we can be a bit more reasonable in trying to address some of the real concerns, because I do not personally feel that balancing the budget is that important if you want to pair it off against the needs of humans.

Thank you, sir.

Mr. HAWKINS. Thank you, Ms. Rattley. The next witness is Joan Wills, director, employment and vocational training program, National Governors Association. Ms. Wills is accompanied by Mr. Richard Ives, representing Governor Teasdale of Missouri.

Mr. Ives is also the chairman of the employment training subcommittee of the National Governors Association.

Mr. Ives and Ms. Wills, we welcome you.

Ms. Wills is not a stranger to this subcommittee. Certainly, it is always a pleasure to have you here. I am quite sure that at this point your statement will be entered in the record in its entirety without objection. You may proceed to deal with it as you so desire.

Mr. JEFFORDS. Mr. Chairman, I apologize. We all have our own priorities. I have 200 high school students waiting for me at 11:15. I will stay as long as I can, but that is a sacrifice I cannot make for you as much as I enjoy your testimony.

Mr. HAWKINS. Thank you. Mr. Ives?

[Prepared statements of Richard Ives and Joan Wills follow:]

PREPARED STATEMENT OF RICHARD IVES, DIRECTOR, DIVISION OF MANPOWER PLANNING, STATE OF MISSOURI

Thank you, Mr. Chairman, and members of the committee for the opportunity to be with you today. I am Richard Ives, Director, Division of Manpower Planning in the State of Missouri. In that capacity I have responsibility for administering the full range of CETA programs for the state of Missouri. I serve at the pleasure of Governor Joseph Teasdale, who is chair of NGA's employment and training subcommittee. I chair the staff advisory group of that committee, composed of gubernatorial designees from 30 states.

With me today is Joan Wills, the staff person from NGA responsible for working with our committee as well as with the education subcommittee chaired by Governor Quie. After I have finished my remarks Ms. Wills will take a few moments to respond to the request in your letter, Mr. Chairman, regarding an evaluation of existing youth programs and what we think such evaluations mean for the future.

The employment and training policy position adopted by our association almost a year ago is the base from which I will make my comments. I have attached that policy position for your perusal.

Governors are deeply concerned about the critical problems of youth unemployment and illiteracy. These problems offer extraordinary challenges to both our education and our employment systems. We wish to compliment the Vice President's Task Force on Youth Unemployment, which insisted on wide involvement from all sectors of the country—state and local governments and education agencies, labor, and youth themselves. This wide involvement helped identify critical gaps in our assistance to poor and minority youths. The Task Force found, and we agree, that there is a dual problem of unemployment and lack of competency in the basic skills of reading, writing, and arithmetic. Therefore, any youth initiative must address both problems. One of the best features of the combined thrust, we believe, is that money in the proposed Title II of the bill is to be targeted to the younger population in the junior high age range. It is inappropriate, we believe, for employment and training dollars to reach down to the junior high level; they should focus on an older teen-age population.

My remarks today will focus primarily on the labor component of the proposal. The NGA education subcommittee, chaired by Governor Quie, recently reviewed the education component. We will compile in the next few days a detailed analysis of that proposed legislation and if you wish, we will provide the staff of this committee with that analysis.

The Department of Labor has made many excellent proposals in drafting the labor component of the youth initiative. First to be applauded is the consolidation of three categorical programs plus the reduction of the attendant paperwork. Second is the commitment to strengthen the prime sponsor network through the special incentive grant mechanism, though we are not convinced that the percentage of dollars needs to be as high as it is proposed. While our preference is and will continue to be that the bulk of monies should go out through formula block grants, we much prefer the inherent support of the state and local decision making process implied in the "carrot approach" of the special incentive funds. Even a cursory review of the CETA legislation reveals almost a schizophrenic approach to delivery of employment and training programs in America. Title III is replete with special references to national priorities, such as weatherization, or special concerns, such as the plight of ex-offenders. Yet we have not, until now, seen an atempt to mesh the precious dollar resources of the whole system to meet a national priority in a more coherent fashion. The special incentive approach is frankly better than what we have now. There are, however, three notes of caution.

First, we are concerned about the lack of a specific time commitment in the proposed legislation as to when the Secretary shall notify, through the federal register, the prime sponsor network as to what the priorities would be and what dollar level would be available. The federal bureaucracy has unfortunately been notoriously slow in such announcements in the past and it would be essential to place in the law the date such information would be made known. We would suggest that language similar to Title I, Section 104(E)(1) stating that the information will be available by May 15.

Publication of available dollar amounts and priorities is but one part of our concern. It will also be essential to assure that project dollars be available for more than one year at a time. It is unrealistic to assume that within a twelve month time frame it would be possible to launch a program and generate instantaneous positive results. For example, we are all aware of the unfortunate fact that some young people in this population group are subtsance abusers. Many are in one fashion or another involved with the criminal justice system. Meshing other federal, state, and local resources available to address such issues cogently while simultaneously introducing a meaningful employment and training activity takes time. A multiyear funds commitment will be essential.

The third note of caution focuses on a combined issue with the proposed education cooperative incentive grant. If our calculations are correct, the two categories of funding are 37 percent of the total proposed allocations. We are concerned that all the time of the state and local prime sponsors not be spent "chasing" the federal grants just to maintain local funding allocations.

One final note on the special incentive grant. We are particularly pleased to note the Department's reference to the Governors' Special Statewide services under the proposed incentive grants. Let me explain why. An unfortunate decision was made in the Department during the last two years regarding displaced homemakers programs. A decision was made that states could not apply for discretionary funds under the national set-asides. This ignored the fact that states were already committing CETA governors' set-aside dollars plus state general funds for displaced homemakers programs. Such a decision directly violated common sense and the maximum utilization and non-duplication of available resources.

Let me now speak to education linkages. The Cooperative Incentive Grants, as proposed by the administration, we believe only partially address the range of issues that must be answered. First, we are hard pressed to understand why this money needs to be separately allocated through competitive grants. Our preference is that the education cooperative incentive grant would be a set-aside in the basic grant similar to the current education set-aside. One of our main reasons for this is based on the actual experience of programs such as YCCIP, STIP and HIRE II. They become, for all practical purposes, only additional paper exercises not real competitive grants. Ms. Wills will speak in more detail on this subject shortly.

Let me now focus on programs and individual performance standards in the proposal. With some caution, we are supportive to the concept. We would not like to see any more specificity than is currently proposed in the draft legislation.

We are fully aware that it is not unreasonable for you as members of Congress to expect some performance accountability in 100 percent federally financed programs. Governors and state legislative bodies have had a great deal of experience with competency testing and similar accountability systems. Results are just beginning to emerge on what works and doesn't work. The federal government should not mandate uniform performance standards, but should look to the states and localities to develop their own systems based on current experience and broadly-stated federal guidelines.

Our Association, in concert with several education-based organizations and under contract with DOL, will be documenting the state of the art programs, the awarding of academic credit issues, the analysis of employability readiness models, and a variety of other education/employment certification and standard setting issues. We are keenly aware that much work remains to be done and, therefore, would urge you to accept the suggestion of the administration that criteria not be firmly set in law but published in the federal register as more and better data is generated for use by state and local officials.

In regard to benchmarking concept, we basically favor the concept, but we recognize that the information must not be used against the individual.

Eligibility criteria is yet another issue we believe must be considered by this committee. Our policy position calls for one common criteria plus a set-aside for some non-income-targeted youth; this, of course, includes the summer youth programs. The administration's proposal basically reflects such a position. We have not yet had an opportunity to analyze enough data to determine at what level of the BLS lower living standard eligibility for these youth employment and training programs should be set. However, since the proposal from the administration would allow all youths in schools receiving money under Title II of the legislation to be eligible to participate, we may be promising more than we can deliver by spreading the money too thinly. The drop out population may be the group most adversely affected by such a strategy.

I wish to speak to the special statewide set-aside. You will not be surprised that we favor the set-aside. We recognize, though, that more than just our favoring such a set-aside is needed. A look at the past, we believe, justifies the future. NGA reviewed the 1979 plans for the set-asides; a documentation of the findings is available if you wish. Just a few highlights should help.

FISCAL YEAR 1979 GOVERNOR'S YOUTH PROGRAMS, BY CATEGORY

Program category	Cost	Number of participants	Percent of participants	Percent of program by category
Youth under supervision of the State	$10,552,319	9,482	20.6	28.4
Providing labor market and occupational information	4,209,713	11,448	25.0	11.4
Establishing cooperative arrangements between State and local institutions	1,788,418	1,090	2.4	4.8
Apprenticeship: Expanded or experimental	3,021,902	2,141	4.7	8.2
Model training and employment	17,490,638	21,742	47.3	47.2
Total	37,062,990	45,903	100.0	100.0

Community-based organizations (CBOs), education agencies, state agencies, units of local government, labor unions, businesses and prime sponsors all played a role in operating youth employment and training projects in fiscal year 1979. From information contained in grants plans, it appears that the greatest number of Governors' youth grant projects were operated by private, nonprofit groups (29.7 percent). Private, non-profit groups include neighborhood and community-based groups organized locally to operate employment and training programs.

A further breakdown of subcontractors operating youth programs is illustrated on the chart on the following page. As shown on the chart, the education community also played a major role in operating projects under the Governors' youth grants (27.1 percent). For the purposes of this study, the education community was defined to include local education agencies, universities and community colleges, private institutions, and state departments of education. Other state agencies were also involved in operating 22.3 percent of Governors' projects designed to employ and train youth targeted under this program.

The majority of programs developed for youth under supervision of the state were operated by state agencies, including state departments of corrections, rehabilitation, health, and welfare. State agencies and education agencies planned to operate an equal number of projects to design programs establishing cooperative arrangements between state and local institutions.

SUBCONTRACTORS FOR GOVERNORS' YOUTH PROGRAMS

Category	Number	Percent of total
Private, nonprofit	100	29.7
Education	91	27.1
State agencies	75	22.3
Prime sponsors	33	9.8
Local government	15	4.5
Labor/union	15	4.5
Private for profit	4	1.2
Other	3	.9
Total	337	100

The education community took the lead in operating projects designed to improve the content and delivery of occupational information for youth. Private, nonprofit groups (including CBOs) were the second most frequent planned delivery agent for this program category.

Local labor unions were selected to operate 30.8 percent of the total number of projects initiated to develop expanded or experimental apprenticeship programs. Overall, labor organizations were chosen to implement 4.5 percent of the fiscal year 1979 Governors' youth projects.

In addition to the aforementioned organizations, a significant proportion of programs were initiated by prime sponsors including consortia and state employment and training councils (9.8 percent). Local government and private-for-profit groups operated 4.5 percent and 1.2 percent of the projects respectively.

Given the emphasis in the proposed legislation for more and better occupational and career information, the set-aside becomes even more important. Developing career information systems incorporating better information on nontraditional jobs for women and handicapped cannot be done just by statements in legislation. States, in concert with education systems and prime sponsors, are just beginning to develop useful occupational and career information systems. That work should continue.

Yet another point we must raise is the relationship to criminal justice systems. We support the change in the language in the Governors' set-aside that clarifies the funds for youth under the supervision of the state to include youth under the jurisdiction of the juvenile or criminal justice system. In some states, attorneys general were concerned that funding local pre-trial diversion programs, in concert with prime sponsors, was not a legal activity under the previous language. It will be essential to coordinate the legislative developments of the Juvenile Justice and Delinquency Prevention Act, which is before the Congress now, with this legislation to assure uniformity of definitions and allowable programs.

Three further points: First, forward funding would be the most helpful action Congress and the administration could do for the program. Second, the attached chart describing the administration's current and proposed advisory council memberships should speak for itself. We are not opposed to advisory councils but we are opposed to advisory council mania. We would prefer instead to see clearer points of decision-making and accountability.

The final point we would like to make is that we would request that you consider some additional incentive language that would encourage the use of other Federal opportunities to submit joint applications, such as using the Joint Simplification Funding Act or other grant consolidation mechanisms. This could be particularly attractive to rural areas.

Mr. Chairman, let me now briefly comment on changes to Title VII. We appreciate the thrust, but we have three comments.

One, if you are successful in generating the bonus concept as suggested in paragraph (B)(2) of section 702 we would urge you to insert after "to promote coordination with economic development activities supported by Federal, State or local funds" the following words: in order to increase unsubsidized employment opportunities. Such language might be used for encouraging real employment generation, not just proof that people sat in a meeting together. In addition, we would suggest that criteria for such bonuses be published in the Federal Register on an annual basis, jointly by the Secretary of Commerce and the Secretary of Labor. Criteria for the bonus should be weighted in some fashion that takes into account the realities of economic distress. As currently proposed it is possible you would simply reward healthy local economies not distressed urban and rural areas. If such criteria were published jointly by the two departments, it would not be necessary to place in law the reference to computations of cost per participant or placement.

Regarding the expansion of the PIC membership, only one note of caution seems appropriate. Local economic development councils do not cover the entire map of the United States. Currently, about 67 percent of the country is covered under EDA programs. We would, therefore, suggest a simple alteration, something to the effect of "where they exist."

The language that cross reference Title II, part C could be somewhat confusing in the field. Since the language is permissive (as it should be), does it mean that primes must first spend their Title II allocations before this 15 percent is spent or vice versa? Is 15 percent to be the maximum? This is perhaps minor, but could become a regulatory debate. As you can see, these are not major issues, but small technical points.

Thank you for the opportunity to be here today. I will be glad to answer any questions after Ms. Wills briefly fulfills the request of the committee regarding evaluation of post programs and current proposals.

Mr. Chairman, your letter asking us to testify today had a new twist, different from most requests to appear before Congress. It asked us to evaluate the existing programs as well as comment on a range of new initiatives. It is impossible to synthesize in this short space the range of new learning that personnel in the states and localities have accumulated since the passage of the Youth Employment and Demonstration Act, plus that which has been documented through the entitlement projects and other national demonstrations. I will, however, attempt to cull important highlights from state-based meetings, with individuals concerned with education policy as well as employment policy, readings and evaluation findings. These observations are by necessity personal in part because I will be attempting to comment on details of proposals that have not been studied in depth by the association, such as the value of job entitlements for youth. Preliminary findings for the entitlement program have just been recently released.

As you are aware, the proposals on which we were asked to comment, including the administration's dual bill, in one fashion or another raise to the fore the following issues:

Should the predominant thrust of the reauthorization of Title IV of CETA build on the entitlement demonstrations and guarantee certain young people job opportunities?

When should youth receive financial remuneration and at what rate while participating in a federally-sponsored program?

What should be the administrative mechanism(s) for disbursing the funds?

There are, of course, a whole range of major sub-questions encompassed under these broad subject areas. I shall address these in more detail later.

First let me speak to the concept of entitlement. My comments are pragmatic and not reflective of ultimate appropriate public policy. Our association was one of the first to applaud the idea, which germinated in this committee, to experiment with entitlements. Opposition, therefore, is not the issue.

As you are aware, our association has been an active supporter of at least incremental movement to rationalize our welfare systems. Apparently even incremental reform is now not even probable. If there is going to be a program embracing the concept of entitlement, however, we believe it should focus on the welfare eligible first. The reasons for this are multiple but two factors are the driving force behind the choice. One, in the published evaluations to date of the entitlement programs and other demonstrations funded through YEPDA, evidence shows that dropouts, teen age parents, for example, have not been drawn back into the traditional classroom structure, nor even easily into alternative structures. Also, evaluations have not yet provided firm evidence in the entitlement projects that the guarantee of a part-time job was a firm deterrent to dropping out of school. If there are only going to be limited resources, it is necessary not just to target to in-school youth, but also to build in better assurances that funds will be available to the drop-out population. The entitlement projects have not done that.

Second, it is important to remember that, of the welfare-eligible population, estimates show that about 65 percent would be female heads of households, and within that percentage 56 percent would be under age 30, with about 13 percent under age 21. If choices have to be made, our obvious choice would, therefore, be to create training and job opportunities for the poorest of the poor first.

Regarding wage rates: members of our employment and training subcommittee made, I think, the most cogent observations regarding the issue of subminimum wages. They are:

The Fair Labor Standards Act is the appropriate legislative vehicle, not CETA, to alter, if Congress wishes, the current minimum wage structure.

Current law does permit allowances and wages to be staggered while an individual is partipating in a program; more effective use of current allowable procedures can and should be encouraged.

It is inequitable to have a subminimum wage only for the poor and disadvantaged, which would be the result if this bill were to be used to create a subminimum wage for individuals in one economic stratum of our society.

The range of proposals before you all have different schematic formats for administrative fund flow. It would be more than a little presumptuous of me to suggest the best arrangement. What I am not going to suggest is that all the money flow through the Governors to then be redistributed within the State. Our employment and training policy position does not reflect such a position nor does our education policy. In fact, our education policy recognizes that a wide range of governance structures exist within states and that Governors are committed to honoring those structures. We respectfully hope Congress will also.

A review of the Vice President's Task Force material, documents from the Office of Youth Programs, and documentation from the states reveals some important facts that should be considered prior to deciding appropriate administrative structures:

1. Older youth are more likely to respond to opportunities for specific occupational skill training. Younger youth need more generic exposure to career options and the world of work. There is also a critical gap in the junior high or middle school period. This is a vulnerable time in youngsters' lives and if they are falling behind in basic skill development, the chances of their dropping out of school are high. However, it is questionable if CETA is the appropriate funding device to serve that age range.

2. Once youngsters have dropped out of school, alternative school arrangements are preferable to traditional classroom settings.

3. The creation of mechanisms for awarding academic credit for work experience has been spotty at best; more needs to be done but this must be done in concert with state-based competency requirements.

There are, of course, other factors you must consider, but it is my personal opinion these three should strongly influence the construction of any legislative proposal.

In addition, it would also be desirable not to alter the basic governance structures of either the education or the CETA system dramatically. In this regard I would like to share with you the most direct observation I have had to date: Governor Quie's comment was, "don't give them the money until there is a local sign off by both the LEA and CETA prime." He also noted that Governors and state education agencies (SEAs) should be asked to publish jointly, in the beginning of the cycle, the criteria that the state will use in monitoring and evaluating the response of the education system(s) in the endeavor. In addition, such criteria would need to be signed off on by the federal government. Both LEAs and prime sponsors should participate in the development of the criteria. In essence, the suggestion tries to accommodate the constitutional and legal responsibilities of the states in education while simultaneously recognizing that many decisions must be made at the local level.

One final personal note, Mr. Chairman. For some time now I have been working with a wide range of organizations involved in alternative education. I am convinced that one of the worst things we could do in this nation would be to create a situation in which the primary source of funds for alternative arrangements is 100 percent federal over an extended period of time. The bulk of the money for education is in state and local budgets. Those monies should be drawn upon to help dropouts re-enter an education track. Plans at the local and state level should be geared to such a strategy.

More could be said but I shall conclude my remarks now. I hope we will have an opportunity to work with you and your staff at a later date on specific details of any legislative initiative.

CURRENT LOCAL LEGISLATIVE-MANDATED ADVISORY COUNCILS

	Prime Sponsor Planning Council	Youth Council	PIC's	Local Voc Ed Advisory Council [1]	Title I (ESEA) District Advisory Council [2]	Title I ESEA School Advisory Council [3]	Proposed Youth Education and Training District Education work Council	Proposed Youth Education and School-Site Advisory Council [4]
Business and industry	X	X	X	X			X	X
Prime sponsor planning council			X					
Labor	X	X	X	X				X
PIC's	X						X	
Public assistance	X							
Employment service	X	X						
Local government services for youth		X					X	
Local vocational education agency	X							
Local vocational education advisory council		X						
LEA	X	X	X					
Postsecondary	X	X	X					
CBO's	X	X	X				X	X
Education and training organization		X						
Prime sponsor		X						X
Veterans organization	X							
Handicapped organization	X							
Youth		X					X	X
Parents					X	X	X	X
Teachers							X	X
Others		X	X	X	X	X	X	X
Private schools							X	

[1] Not specific as to jurisdictions that council draw from.
[2] Elected by parents of children being served in program. Majority oj members must be parents.
[3] Elected by parents. Majority must be parents. Represents local school or project area.
[4] One-third members must be school-site teachers.

CURRENT STATE LEGISLATIVE-MANDATED ADVISORY COUNCILS

	SETC	State Advisory Council on Disadvantaged Children, ESEA Title V	Voc Ed Advisory Council [1]	Youth Education and Training Advisory Group [2]	Basic skills, Title II ESEA
SETC			X	X	
Business/industry	X		X		
Agriculture	X		X		
Labor	X		X		
Representative of local government	X				
General public	X		X		
Public assistance	X		X		
Employment service	X				
Relevant State agencies	X		X		
State vocational education board	X				
State vocational education advisory council	X			X	
CBO representative	X				
Veteran organization	X				
Handicapped representative	X		X		
State correctional institution			X		
Representative of private schools		X	X		
Postsecondary		X	X		X
Local school boards		X	X		
LEA administrators					X
High-impact LEA's			X		
Public vocational education schools			X		
Vocational guidance and counseling			X		
Vocational education teachers			X		
Vocational education students			X		
Teachers/basic					X
Parents					X
Representative of public and private school children					
Reading and math representatives					X
Women			X		
Others				X	

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[1] Requires appropriate representative of sex, racial, and ethnic minorities and geographic regions of State.
[2] To be appointed jointly by SEA and Governor. Also to include membership of SAC for disadvantaged children.

NGA Policy Position Passed at the 1979 Summer Meeting in Louisville, Ky.

YOUTH EMPLOYMENT AND TRAINING PROGRAMS

At a time when the nationwide unemployment rate is 5.8 percent, the rate for young people is nearly three times as high and that for black youth is nearly six times as high. These figures indicate that youth employment problems must continue to be a special focus of a comprehensive broad-based employment and training system. It is in the best interest of both society and individual youth that early workforce experiences for young people be positive.

We believe that the legislative tools for improving the youth employment picture are predominantly in place; a key is Title IV of the Comprehensive Employment and Training Act. Certain basic administrative changes, however, must be made to make youth employment and training programs more effective and efficient.

Governors' statewide youth set-aside funds have proven a valuable tool for serving youth who might not otherwise be served. These funds have financed many innovative and experimental programs, and have included programs for youth under state supervision (physically handicapped, mentally retarded educable youth, emotionally troubled, and youth in foster homes, orphanages, or public shelters), programs providing labor market or occupational information, programs establishing cooperative arrangements between state and local institutions, expanded or experimental apprenticeship programs, and model employment and training programs. We support the continuation of these statewide youth services grants as a proven and effective means of serving the employment needs of youth.

In considering any program that attempts to solve youth employment problems, it is impossible to ignore the issue of coordination of these programs with programs administered by Local Education Agencies (LEAs). During the demonstration period of the CETA youth programs, a number of problems of coordination have emerged and must be addressed. For example, differing planning and funding cycles of LEAs and CETA have created a barrier to effective linkages, as has the lack of a stronger incentive for LEAs to participate in coordinated, integrated efforts.

To address these needs and a number of others that are relevant to creating an effective nationwide youth employment program, the National Governors' Association recommends that Congress consider the following issues during the reauthorization of the youth employment legislation:

1. *Consolidation of programs.*—In order to streamline and consolidate programs, all youth employment and training programs should be included under Title IV of CETA and, with the exception of the Job Corps and the Young Adult Conservation Corps, should be decategorized within that title. Youth programs should be forward funded and should have uniform eligibility criteria, such as age, family income, length of time of unemployment, and whether the youth are in school or out-of-school. Eligibility criteria must not serve as incentives to drop out of school. The Job Corps should remain as currently legislated, with continued emphasis on the residential component.

2. *Youth conservation programs.*—The current administration of youth conservation programs at the federal level is unnecessarily complex. The Young Adult Conservation Corps should be merged into the Youth Conservation Corps, with equitable funding among the states assured. The states should have the option to administe rthe programs. States' conservation program set-asides should be allocated to the Governors.

3. *Statewide recruitment and referral systems.*—Consistent with the National Governors' Association policy on the rewrite of the Wagner-Peyser Act that states are in a unique position to provide effective planning, administration, and coordination of employment-related programs, we recommend that responsibility for developing and coordinating a statewide, integrated system of recruitment, intake, and referral for all CETA youth programs be lodged with the Governors. This change, combined with uniform eligibility for programs and coordination of funding and planning cycles with other youth programs, should improve substantially the efficiency and cost-effectiveness of CETA youth programs.

4. *Maintenance of effort.*—The maintenance of effort requirement in serving youth under other titles of CETA should be repealed. The repeal would allow greater flexibility in serving both youth and other target groups and would eliminate potential conflicts under proposed welfare reform legislation.

5. *Nontargeted funds.*—Although the majority of youth programs should be targeted to low-income, disadvantaged youth, a percentage, such as 10 percent, of both regular youth funds and Governors' statewide funds should be available to serve youth of any income level. These funds should be as free of restrictions as possible to encourage experimental programs.

6. *CETA/LEA linkage.*—Because both the education system and CETA serve youth, linkages between the systems should be encouraged. It is imperative that the planning and funding cycles of CETA and the education system be coordinated. This can be accomplished most easily by forward funding CETA. Employment and training funds should continue to flow through CETA because CETA is a targeted program and education systems are designed to serve all youth. The focus of linked CETA and education funds should be to enhance such programs as school-to-work transition, school-based apprenticeships, and cooperative education.

7. *Integrated grant applications.*—Current federal administrative practices and procedures, particularly in the employment and training area, discourage integrated grant applications. When locally agreed-upon grant applications, such as CETA/LEA, meet certain minimum criteria, affected federal departments, at both the national and regional levels, should allow localities maximum flexibility to carry out the program.

8. *Private sector initiatives program.*—Sufficient linkages between the Title VII Private Sector Initiatives Program (PSIP) and CETA youth programs exist in the current law, but PSIP has not been in place long enough to assess the implementation of these mechanisms.

9. *Secretary's discretionary funds.*—We support the continued use of the secretary's discretionary funds to carry out national research efforts, especially in such areas as wage subsidies or other incentives to hire youth, and improvement of program performance measures.

Public service employment jobs should be distributed equitably within a local area to units of government based on each unit's pro-rata share of the public workforce.

The Department of Labor should undertake an intensive evaluation of the management information systems currently used in all federally funded employment and training programs. This assessment is necessary to ensure that appropriate data are being collected to meet congressional evaluation needs; to ensure commonality of key data definitions among the various programs; and to ensure that data generated from management information systems are available on a continuous basis at the state level to facilitate effective programs monitoring, review, and self-evaluation.

Consortium arrangements should be approved by the federal government after review and approval by the Governor. This measure is necessary to ensure that such arrangements are compatible with interstate labor markets and accepted substate delivery mechanisms.

The implementation of the new private sector initiative program throughout the country should be closely coordinated with Governors to ensure that designated program areas encompass labor market areas. This is particularly critical in local labor markets that contain multiple prime sponsors. The success of the program will be highly dependent upon the ability to provide services within an entire labor market area, irrespective of local prime sponsor jurisdictional boundaries.

STATEMENT OF JOAN WILLS, DIRECTOR, EMPLOYMENT AND VOCATIONAL TRAINING PROGRAM, NATIONAL GOVERNORS ASSOCIATION, AND RICHARD IVES, REPRESENTING GOVERNOR TEASDALE OF MISSOURI AND THE EMPLOYMENT TRAINING SUBCOMMITTEE OF THE NATIONAL GOVERNORS ASSOCIATION

Mr. IVES. Thank you, Mr. Chairman and members of the committee for the opportunity to be with you today. I am Richard Ives, director, Division of Manpower Planning in the State of Missouri.

In that capacity, I have responsibility for administering the full range of CETA programs for the State. This includes the balance of State programs, the Governor's special grant, and one of the 15 welfare reform projects.

I serve at the pleasure of Governor Teasdale who is the chair of the NGA's employment subcommittee. I chair the staff advisory group of that group composed of gubernatorial designees from 30 States.

I would like to add that the Governor asked me to indicate to the committee that he appreciated the opportunity of testifying; however, the gubernatorial race has started in Missouri, and the Lieutenant Governor is of the opposite party. He has indicated that if the Governor leaves the State, he will make some changes in a number of appointees. [Laughter.]

So, 1 week ago the Governor was quoted in the St. Louis Post Dispatch as being a captive in the State. He does apologize for not being able to be here today, but he does appreciate the opportunity.

Mr. JEFFORDS. It sounds like a story I have heard in California. [Laughter.]

Ms. WILLS. We call it "Lieutenant Governor Fever."

Mr. IVES. With me today is Joan Wills, staff person from the NGA, responsible for working with the committee as well as with the education subcommittee. After I finish my remarks, Ms. Wills will take a few moments to respond to the request in your letter, Mr. Chairman, regarding an evaluation of existing youth programs and what we think such existing evaluations mean for the future.

I would like to summarize and highlight the written testimony which we have submitted.

First, the National Governors Association does support the consolidation of the three categorical grants. Second, the National Governors Association supports the concept of special incentives grants which will be administered through the prime sponsors.

However, we have three reservations which we would like to note. First, in the written testimony, we point out that at a minimum, we would like the Secretary of Labor to announce the priorities for the coming fiscal year by May 15.

Even with a May 15 date, this would create some problems in the State of Missouri. We have, at the present time, 18 substate regional manpower advisory councils which consist of half elected local officials, the other half being designees from veterans, participants in the program.

We actually start a planning process in the beginning—the coming fiscal year in January of each year. The local regional advisory councils then put together a substate plan which we use in submitting the State plan to the Department of Labor.

We then have to adhere to all the State requirements regarding contracting. What I am trying to get at is it is a complicated system.

We have to live within what the Department of Labor mandates. What is mandated by State law. So, even with a May 15th announcement, we would be hard pressed to put together an application for funds and have it in place by October 1.

The second reservation is that we felt priorities in the special incentives grant would have to be longer than 12 months. We found in the Governor's special grants program that it takes a minimum of 2 years to get a program off the ground—then it takes a third year to get it to be really effective.

Third, we support the concept that the Governor's special grants program is an applicant for special incentives grants. The NGA does not, at this point, support the concept of a totally separate national pot for the educational cooperative incentive grants prgram. We would like to see them treated the same as the current 22 percent set aside.

Fourth, the NGA supports flexibility in the development of performance standards. Missouri, at this point, is one of 37 States which had some sort of statewide performance standards. The program is just about 2 years old and we are just beginning to collect information on what it means. We would like to see some flexibility in the legislation.

Fifth, the National Governors Association supports the special set aside for Governors programs funding special innovative programs statewide.

In the State of Missouri, we are using almost $1 million to fund 15 youth projects, all within the inner cities of either St. Louis, Kansas City, and St. Joseph.

Many of these programs have been successful. Also, using some of the moneys to begin setting up the State occupational information coordinating committee.

It is a belief of the Governor that young people can make a decision about what careers they should take if they are given solid information as to what the average wage rate is going to be for a job which they are trying for and the number of openings which are going to be held.

Six, the National Governors Association supports the concept of forward funding.

Seven, the National Governors Association supports the concept of citizen advisory councils. However, I have a personal reservation about this in terms of what my responsibilities are.

Last week—last week I was called before the State senate to testify on what the current four mandated advisory councils do, the balance of the State, the State employment training council, the pick council, and the youth council.

My reading of the legislation reads that we would have a fifth council. At the present time, the four councils cost the division of manpower planning $54,000 a year to administer. It takes 80 person/days a year to staff those councils.

It is getting to the point where it is becoming a burden to staff to operate the councils correctly to where they are going to have an effective role in setting policy for the various programs that we operate.

Finally, in regard to title VII, the NGA has no major problems with the proposed reauthorization. In the State of Missouri, at the present time, we already have representatives of the economic development districts on the Governor's balance of State council.

Approximately half the State of Missouri is economic development districts.

In conclusion, we feel that the bills that we were asked to review are a step in the right direction. At this point, I would like to turn the presentation over to Joan, who will respond to some of the specific comments that you asked for.

Ms. WILLS. Mr. Chairman, we took a slightly different tack when we realized that we were to—being asked by this committee which is somewhat unusual, to evaluate past performance to project the future, which is a very legitimate request.

In the review of the proposed legislative proposals before you, it seems to me, that we can separate those out into some broad categories.

First there are three of those proposals that in one fashion or another build upon the concept of entitlement and demonstration programs that have been available to us for the last 3 years.

Another kind of thrust of one of those bills, at least, is raising the question of subminimum wage and what rates we should sponsor—finance wages.

Then, of course, all of them deal with separate different kinds of administrative mechanisms. Let me first speak to the concept of entitlement.

My comments must be regarded as pragmatic and not reflective of ultimate appropriate public policy. Indeed, our association was one of the first to apply the idea, so we are not in opposition.

However, as you are aware, our association has been a very active supporter of at least some kind of incremental movement to rationalize our welfare systems. We believe, if there is going to be a program embracing the concept of entitlement, that it should first, then, focus on the poorest of the poor.

There is another driving reason behind that kind of recommendation. One, when one reviews the evaluation of the entitlement projects today, in terms of the entitlement areas, one of the, quite frankly, disturbing problems is that they have not been able to reach in any significant fashion the young people who have dropped out of schools.

Last year, in the middle of the summer, the rate was only at 6 percent. They had increased somewhat, but we still have a very serious problem. Unless we do something in the new proposed legislation, trying to reach more dropouts, I think, we have serious problems on our hands.

Also, in terms of support of the concept of entitlement, for one part of the population and it may be at this point, quite frankly, whistling in the wind, it is important to remember that another part of our population, the welfare eligible population, which does speak to at least one component part of 4,465; 65 percent of those would be female heads of households, 56 percent would be under the age of 30, and about 13 percent under the age of 21.

My point is, that we do have an opportunity through another vehicle to help focus on creating jobs and training opportunities for the poorest of the poor first.

Regarding the wage rates issue, members of our employment and training subcommittee, while we were debating this over a year ago, I think made three cogent observations that I would like to share with you.

First, they do not believe that CETA is the appropriate legislative vehicle to debate minimum wages. The Fair Labor Standards Act is the appropriate legislative vehicle for that debate.

Secondly, in the Fair Labor Standards Act, we do have permission mechanisms to deal with paying less than the minimum wage. I think it is probably very fair to say that the entire system could make more effective use of the current allowable mechanisms.

Third, and perhaps most important, there is a very strong feeling on the part of that subcommittee that it is inequitable to have a subminimum wage only for the poor and disadvantaged, which would be the result that this bill would create a subminimum wage for individuals in one part of our economic stratum.

The range of proposals that you have before you all have a different schematic format for administrative fund flow. I am not going to be presumptuous and suggest to you the absolute best arrangement.

What I am going to suggest to you is that the Governors are not asking that all the money be given to the Governors to be redistributed to the State. Our employment and training policy does not reflect this position, nor does our education policy.

In fact, our education policy recognizes that a wide range of educational structures exist within States. We respectfully hope Congress will be as committed to these as our own Governors are.

Another tack that we took in terms of evaluation of past programs was to take a look at the material that did come from the Vice President's task force and the voluminous material that came from the Office of Youth Programs, which I am sure you have seen, and from documentation that we have from States.

These reveal facts that we think should be carefully considered prior to deciding appropriate administrative structures. They are not administrative in nature, they are programmatic in nature first.

One, older youth are more likely to respond to opportunities for specific occupational skill training. Younger youth need more generic exposure to career options and the world of work.

There has also been identified a very critical gap in terms of available funds for junior high and middle school period. I am sure you are aware that approximately 85 percent of the title I funds basically stops at the fifth grade.

The question really seems to me, as we address the issue of reauthorization of title IV, CETA, is whether or not it is appropriate for CETA to be the appropriate funding device to serve that age range at the junior high level.

Another kind of thing that we have found by review of the literature, and which we already, I guess, knew by common sense, once youngsters have dropped out of school, alternative school arrangements are by far their preference to the traditional classroom setting.

They are quite reluctant to go back to the traditional classroom setting.

Another thing that we have found, and I think it is something that needs much more work, is that when we passed educational legislation a few years ago—our experience has been that this is spotty, at best. Much more work needs to be done, but this must be done in concert with the kinds of activities that Dick referenced.

In terms of education requirements, they are generated, by the way, from State legislative bodies and Governors in trying to push the education systems to prove what it is they are buying with the huge amounts of State and local moneys going into the education system.

These three activities, I think, must strongly—I know that our education subcommittee and our employment training subcommittee agree—must influence the construction of any legislative proposal.

We also thing it is absolutely essential that for the reauthorization of title IV, or any version of the administration's title II of this act—that that not alter the basic Government structure of either the education or CETA system dramatically.

The only thing I can, quite frankly, offer you is the direct observation made by one Governor. A man who is familiar to all of you, as he was listening to Stu Eisenstat explain to the Governors the youth initiative.

His comment was, "Don't give them any money until there is a local signoff by the LEA and the CETA prime sponsor together." He also said to the other Governors sitting in the room that he thought it was the responsibility of the Governors in concert with the State education agency to jointly publish, at the beginning of the cycle, what kinds of criteria the State would use in monitoring and evaluation in response to the education system.

This comment was made, Mr. Chairman, because it is recognized that States, on the education system, do have audit responsibilities that are substantially different in construct than that which is under the CETA system.

In addition, he thinks it is very important that at the State level. there be a better linkage. Though great improvement has been made. I would suggest in terms of working through the LEA's and prime sponsor system to assure the work-training people for the occupational needs of that State.

One final note, Mr. Chairman—I must say it is a personal note—that for some time, I have been working with a wide range of organizations involved in alternative education. I speak for nobody else when I say that I think one of the worst things we could do is to create a situation in this country where the primary source of funding for alternative arrangements of education are 100 percent federally financed over an extended period of time.

The bulk of the money for education is in the State and local budgets. Again, going back to the concern of the issue of the dropouts, which is the most serious problem in terms of the youth we need to serve, we must draw dropouts back into an education track but we also simultaneously must encourage the State and local dollars to be there to help finance that system.

Everything we do, it seems to me, needs to be in part geared to that strategy. I will conclude my remarks now, and Dick and I both will be willing to answer questions.

Mr. HAWKINS. Ms. Wills, one point I think made by those who are supporting alternative education before this subcommittee was that in most instances—maybe not all the instances, however—obviously, that the alternative education models that were supported by local educational funds—I would assume this would go to the last point that you raised—that they should not be 100 percent federally funded.

Now, if, on the other hand, arrangement is made where they are locally supported, that the Federal funding would supplement this or be extended in conjunction with it, then I would assume that last objection would be removed.

Is that a true statement?

Ms. WILLS. Yes. It seems to me that we have—first of all, there is a lot of different definitions of alternative education, so I think we have to be very careful about that.

I have my own ideas. I do not think that that is what we are speaking about. The successful models that I have seen do eventually fall under the rubric of the local education agency. I should know, it is my understanding that the State education—the State school officers are also supportive of more than one model for alternative education and do not believe that everything needs to be done in the traditional fashion.

I think that we will, if I may use a colloquialism, I think the rubber will hit the road on the issue of certifications and whether or not all teachers must be a part of this certifying structure.

I do not, quite frankly, see any major evidence that certification of teachers equates with good standards of education. That may not be very popular in some areas.

One of my major concerns is I deal with people who are involved in alternative education. Frankly, they do have to live year to year, hand to mouth in terms of trying to find financing. The young people suffer.

I have seen alternative education systems close down with few options then left for the young people.

Mr. HAWKINS. I assume that they are not really being offered as a substitute for, but as a supplement to local educational agencies.

Ms. **Wills**. I think we need to make very sure that it would be a supplement to and that any local planning needs clearly—I do not think we can dictate percentages at the Federal level—that we need to do a very hard and firm analysis of how many young people have dropped out; and to create at the local level some planning to pull them back into some form of educational track.

Mr. **Hawkins**. You are suggesting it would be offered as an option, but with strong monitoring and supervision. Of course, that suggests another question.

At what level are you suggesting—I think several suggestions have been made that a supervision—that there be some monitoring or evaluation at the Federal level. Would you think it should extend to that extent, or are you suggesting it be at the State level?

Ms. **Wills**. I made the comment that we did not want to alter the basic Government structure of education in CETA. I think, again, the fact is it is the Federal Government in the Department of Education.

That does not have the same audit and monitoring mechanisms that the Department of Labor does. That rests currently at the State Government level, often in concert with local education agencies.

So, I guess my answer is with some Federal oversight, but not altering the basic educational structure. That may not be an answer, but I do not know how else to—it is a recognition of the system is what I am trying to say.

Mr. **Ives**. Mr. Chairman.

Mr. **Hawkins**. Mr. Ives?

Mr. **Ives**. We funded an alternative high school with the Kansas City school system for 3 years, now. This third year we got into a debate as to what we were really buying. How do you measure it?

So, we decided to buy credits. We are paying them based on the number of credits that the people in the program successfully complete. That seemed to be the most basic thing that we could measure.

Mr. **Hawkins**. Mr. Ives, with respect to the welfare proposal, which I understand is highly supported by the National Governors Association, where do we stand on that now, in view of the recent announcements that gives some doubt as to whether or not that proposal should be passed at this time, or should be delayed, or should in some way be scaled down?

Has the association, itself, had an opportunity to review this suggestion? If so, what is the current position, if there is a current position?

Ms. **Wills**. Next week, I believe, the executive committee of the governors will be coming into town to go over the proposed budget cuts.

As you are aware, there is—the President is proposing to delay the component state fiscal relief on the cash side. It is my understanding that while they are suggesting a slight reduction on welfare, demos on the jobs component side, they are not at this point suggesting a total elimination.

There is, I know, a great deal of concern on balance—the things we are just beginning to learn in terms of the welfare demos, showing they are, indeed, paying for themselves.

We got the word on the budget cuts. At the same time, we are having a meeting of the welfare reform demos where we were proving we were getting people off of welfare and into the private sector jobs. There is something a little bit irrational, it seems to us, about reducing a program that gets people into the private sector. Those demos are working.

I think—I can only tell you next week—but I have a sense they are going to fight hard to, at least, keep the demos going.

Mr. HAWKINS. I was just handed a White House release on proposed reductions. I see included is the welfare reform initiatives, a reduction of $859 million in that. Then, later is, I suppose, an elimination of the welfare reform demonstration project.

Ms. WILLS. I made phone calls on that, too.

Mr. HAWKINS. I bet you have.

Ms. WILLS. The $861 million was in the President's contingency fund, so it never was on budget. That was assuming that the Senate Finance Committee would finally act on the cash side.

The proposed cut in the welfare demos is in the second line item that you are referencing.

Mr. HAWKINS. Yes.

Ms. WILLS. The fact that one of the reasons, as I understand it, Mr. Chairman, is there is proposed reduction—that's for a very peculiar reason.

Because the welfare demos are paying for themselves and they are not having to use as much money as they projected in PSE, they are planning to cut that amount. I am not by any stretch speaking for the administration when I give you that rationale. It is a strange problem.

Mr. HAWKINS. Yes; well, then, do I assume that you will, next week, establish a firm position on the current situation with respect to the welfare proposal?

Ms. WILLS. That is my understanding, that that is the intent of the executive committee.

Mr. HAWKINS. Well, we seem not to have any further questions at this time. So, again, Mr. Ives and Ms. Wills, we thank you for your presentation this morning.

As usual, you have been very helpful, very constructive. Thank you. That concludes the hearing of the subcommittee this morning.

[Thereupon, at 11:40 a.m., the hearing was concluded.]

[Material submitted for inclusion in the record follows:]

NLC YOUTH TASK FORCE REPORT

BACKGROUND

During the Congressional City Conference last March, a special meeting was held among White House officials, staff of the President's Task Force on Youth Employment, DOL officials and a small group of NLC's membership. The meeting provided an opportunity for the newly established Vice Presidential Task Force to explain its plan to review and assess federal employment programs targeted to youth and to solicit NLC's support and involvement in this endeavor.

Upon the recommendations of one of NLC's members present at the meeting, an NLC Youth Task Force was subsequently established to provide greater NLC focus on the problems of youth unemployment. Task Force members were selected during the early summer and Co-chairs were appointed by the President of NLC.

The Task Force held its first meeting August 22 and 23, 1979, at NLC headquarters in Washington, D.C.

The Task Force reviewed research on past and current youth programs and the legislative proposals introduced in Congress. Contributions were made by DOL officials, Congressional staffers, the National Commission on Employment Policy, staff members of the Vice President's Task Force and senior White House staff persons. They served to enhance our members' individual knowledge and experience in the area of youth employment.

The Task Force acknowledges that the magnitude and intricacy of the youth employment problem requires much more time and careful examination than it has been able to devote to date. It has, however, been able to formulate the following comments and specific recommendations for which it would like support.

PROBLEM

The problem of youth unemployment in the United States is large and complex. Despite the resources devoted to this problem over the past two decades, it has gotten worse. Right now, about 16 percent of all youths between 16 and 25 are without work. However, the problem of youth unemployment is particularly acute in urban cities and among minority youths. Black young people have experienced unemployment rates in excess of 20 percent each year over the last twenty-five years is currently above 35 percent. More than 60 percent of all unemployed black youths reside in central cities. Similarly, Hispanic youth have experienced high unemployment.

The causes of youth unemployment are not fully understood. Experience with youth employment programs have shown however, that young people want to work and will actively pursue any possible employment opportunities. The growth in the youth labor force, discriminatory employment practices, a scarcity of entry level jobs and the educational and vocational skill deficiencies of youth are all key factors, as is the more general national unemployment problem.

Likewise, the cost of high youth unemployment has many components. There is a close relationship between high rates of joblessness, rising crime rates and drug and alcohol abuse. There is a pervasive and far-reaching impact of joblessness on families and communities.

Over the next several months, the Congress and the Administration will be introducing legislation for a youth employment policy for the 1980's. It is critical that local elected officials make their opinions and recommendations known now to those who will be making that policy. It is in this context that the NLC Task Force makes the following recommendations.

I. THE TRANSITION FROM SCHOOL TO WORK

Young people do not bring into the job market the skills that are required of them. Many of our basic institutions, including our schools, are not meeting their needs. Even young people who graduate lack specific job skills and an understanding of the world-of-work.

The Task Force recommends that:

Schools be held accountable for preparing youth with basic skills—i.e. reading, writing, and math—which will, at a minimum, enable high school graduates to compete for entry-level jobs in the private sector.

Schools develop curricula particularly geared to employability.

Greater federal resources for education and counseling be targeted to non-college bound high school students and be available in both in-school and out-of-school programs.

Attention be given to providing for education, counseling, work orientation and training outside of schools for youth who have left the education system. Program contracts with community colleges, community-based organizations, unions and the private sector should be considered.

Counseling services place more emphasis on employability development and job placement activities. Counselors should have direct contact with job training programs and, whenever possible, with potential employers as well.

II. MORE EFFECTIVE PRIVATE SECTOR/PUBLIC SECTOR PARTICIPATION

More job opportunities will be available in the private sector in the immediate future, particularly with smaller employers—those employing many fewer than 500 people. New steps must be taken to reach these employers. Public sector employment and training activities must be responsive to private sector needs. Efforts must continue as well in the public sector because there are private sector layoffs and some evidence of private sector resistance to youth employment. The jobs developed in the public sector must be in those areas which provide real training, have some future and make a contribution to our communities.

The Task Force recommends that:

There be a regular process for analyzing areas of expanding job opportunity in both the private and public sectors with incentives provided to the development of training programs in those areas.

The private sector be given a more active role to play in the development and operation of youth employment and training programs.

Incentives to private sector employers to hire youth be continued, emphasizing those programs that have proved effective and that have clearly identifiable standards of performance.

Private employers, particularly small businesses, be given more information on the resources available to them under employment and training programs for disadvantaged youth and how they can be applied for. Strategies be developed that minimize the paperwork burden to employers who choose to avail themselves of these programs.

Incentives be provided to development of public sector programs that meet other existing community needs.

III. LOCAL FLEXIBILITY

The Task Force feels strongly that local communities should be able to determine the type of programs needed to address their problems with youth unemployment and be able to implement programs based on these locally determined considerations. What works well in one community under one set of circumstances may not be as effective in another. The government must be responsive to particular local problems and proposals.

The Task Force recommends that:

Additional rewards and incentives above the basic allocation be provided and/or greater flexibility to municipalities that demonstrate effectiveness in administering, targeting and monitoring successful youth programs. There be some provision for local innovation.

Local governments be provided greater flexibility in linking resources for program effectiveness. Coordination of job program with local community economic development activities or with other federal programs should be encouraged.

Local governments be able to determine the kind of work experience or service coordination that would most benefit the youth within their jurisdiction.

IV. PROGRAM ADMINISTRATION

Local governments are faced with the problems of inconsistency and instability in program planning, development and implementation. Funding projections and final allocations are inconsistent. Federal, state and local funding and budget cycles differ. Programs are of only limited duration and there is a lack of uniformity of applications and regulations.

The Task Force recommends that:

More effort be made to consolidate youth programs under one Title authority with common federal eligibility requirements, provided that such requirements allow for some local program flexibility.

Whenever possible, restrictive regulations be relaxed and consolidated to enhance the opportunity for localities to determine the appropriate mix of participants and require levels of service.

Funding for youth programs be on a multiple-year basis in order to improve conditions for coordination in delivery of services.

Greater information be given to localities by the federal government on successful approaches to providing employment and training services to youth.

Programs operated by different federal agencies be sufficiently consolidated and coordinated so that imaginative links can be made between programs without impossible administrative hurdles.

Programs be evaluated on the basis of well-defined performance standards that relate to program administration and participant development as well as on the basis of numbers served or placed.

Wage restrictions for supervisory personnel be loosened to ensure quality supervision. Separate funding arrangements should be made available for this purpose.

V. YOUTH ELIGIBILITY

A youth policy for the 1980's must address the needs of a broader youth population. Those who are most disadvantaged by virture of disability, offender status or educational deficiency should be included. Different program designs relative to level of need and to level of job skill should be encouraged. Application and eligibility processes that are so cumbersome as to frustrate young people and "turn them off" to the system need simplification.

The Task Force recommends that:

Program applications be accepted that target some slots to juvenile offenders, teenage parents, the disabled and those most educationally deficient, as well as to those disadvantaged by economic status.

Provisions to be made for meeting different levels of educational and training needs responsive to the problems of different youth and the requirements of different job markets.

New programs eliminate unnecessary and artificial barriers to enrollment. The eligibility and application process should not be more difficult than similar processes in the real world of work.

GENERAL COMMENTS

The Task Force has several overall concerns it wishes to express to the Vice President's Task Force in addition to its more specific recommendations.

The first concern deals with the demonstration programs and knowledge development process under the Youth Employment Demonstration Projects Act (YEDPA). The Task Force is supportive of the idea that a variety of projects were undertaken in order to broaden our knowledge of which are successful and under what conditions. However, it questions whether there will be sufficient time to collect and analyze the data before new legislation is passed in the Congress next year.

The Task Force relates this to some of the problems that have been experienced with the CETA program historically. Before these programs had a chance to establish themselves, changes or new requirements were imposed on program operators which resulted in disruption and confusion. To prevent this from happening with the youth programs, the Task Force feels it is better to extend YEDPA for another year, so that a thorough examination of the experiences with the programs can be conducted prior to establishing any new policies.

Second, the Task Force urges that the problem of youth unemployment be considered in the context of the broader problem of general unemployment for which NLC is also developing recommendations. Consideration must be given in all development of employment policy to the competition for jobs between young people, adults, the elderly, new refugees and undocumented workers.

Finally, although the Task Force has not developed specific statements on the purposes of youth employment and training programs or a precise definition of terms such as "meaningful work," our members had considerable discussion on these issues. We agreed that there is need in future planning and programming for youth to formulate positions on who we are trying to serve and why; what the expected outcomes of programs are; and how they should be evaluated.

NATIONAL LEAGUE OF CITIES YOUTH TASK FORCE

William Hudnut—Co-Chairman
Mayor
Indianapolis, Indiana

Carl Ware—Co-Chairman
Councilmember
Atlanta, Georgia

Ernest Morial
Mayor
New Orleans, Louisiana

Robert Buhai
Mayor
Highland Park, Illinois

Thomas Cooke, Jr.
Mayor
East Orange, New Jersey

Ben Sykes
Mayor
Overland Park, Kansas

Jessie Rattley
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Ralph Grant, Jr.
Councilmember
Newark, New Jersey

Ruth Messinger
Councilmember
New York, New York

Charles Allen, III
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Ted Wilson
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Lionel Wilson
Mayor
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Henry Marsh
Mayor
Richmond, Virginia

Nicholas Carbone
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Jake Godbold
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Jacksonville, Florida

Ruben Romero
Councilmember
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Henry Cisneros
Councilmember
San Antonio, Texas

Marion Barry, Jr.
Mayor
Washington, D.C.

AMERICAN FEDERATION OF STATE,
COUNTY AND MUNICIPAL EMPLOYEES,
Washington, D.C., March 27, 1980.

STEVE JUNTILLA,
House Subcommittee on Employment Opportunities,
Rayburn House Office Building,
Washington, D.C.

DEAR STEVE: Enclosed are copies of AFSCME's statement on pending proposals to extend the CETA youth programs. We would appreciate having the statement included in the Subcommittee's hearing record.

As always, we thank you for your cooperation.

Sincerely,

NANINE MEIKLEJOHN,
Assistant Director,
Department of Legislation.

Enclosures.

STATEMENT OF THE AMERICAN FEDERATION OF STATE, COUNTY & MUNICIPAL EMPLOYEES ON EMPLOYMENT

The American Federation of State, County and Municipal Employees, whose more than one million members work in state and local governments across the country, is pleased to submit the following statement on extension of the Youth Employment and Demonstration Act (YEDPA).

AFSCME applauds the efforts of the House Subcommittee on Employment Opportunities in moving to extend, improve and expand YEDPA. That task will not be easy in the current climate of extreme fiscal austerity.

But, the needs of our young people do not shrink along with budgetary allocations. If we can forge effective programs to provide meaningful work and useful, enduring skills, the unemployed will one day not have to rely on government funds. Crucial spending in the short-run will save the taxpayers billions, and the victims much more, in the long-run.

Is it possible to create programs that provide marketable skills and meaningful job opportunities? We at AFSCME believe it is, if necessary considerations are made from the start. Federal manpower and economic policies must recognize the magnitude and nature of the problems of the unemployed, the need to solve not treat their problems, and the capacity of local and regional economies to accommodate real job growth. They ought to enable the participants to ultimately find unsubsidized jobs. This means identifying jobs in areas of expansion, stimulating growth in needed areas, relating training programs to these growth areas, and funding job opportunities according to the ability of different sectors of the economy to absorb the jobs and offer permanent employment.

The public sector is no longer a growth area. Public employment has been stagnating since the early 1970s, and from all indications the public sector does not appear to be growth-oriented. From 1973 to 1977 public employment in the nation's cities grew by a paltry 1.6 percent. From 1977 to 1978 state and local government employment grew less than one percent. Many of the largest cities experienced moderate to severe drops in public employment. New York City dropped 27.5 percent, Detroit 9 percent.

There are important policy ramifications of the retrenchment of state and local government employment. Fewer transitional opportunities into state and local government are possible. Squeezed by fiscal pressures, state and local governments are likely to make programmatic decisions more on the basis of their own short term service needs than on the basis of what's in the long-term best interests of the participants.

Federal policies, therefore, must help stabilize and bolster public sector services if our manpower programs are to operate effectively. The likelihood of deep cuts in federal domestic programs is totally counterproductive to this end and will only exacerbate our unemployment problems.

By contrast, employment in several other sectors of the economy grew rapidly between 1967 and 1977. Service industries were up 41 percent, finance grew 32 percent and trade went up 21 percent. Training and work opportunities should be targeted more at these growth areas.

There are, however, differences in growth and decline in both public and private sectors of the economy from one area of the country to another. Baltimore, for example, had a 13.5 percent increase in government employment. Any program trying to solve unemployment and offer genuine job opportunities to the jobless must be flexible enough to adapt to regional differences. Such numbers as percent of growth and percent of workforce are useful in trying to calculate these capabilities.

Federal manpower programs also can be improved if there are clear national directives to create jobs in areas of national and social needs and to provide training opportunities in fields of potential expansion in the economy. The weatherization program under S. 1725, approved by the Senate Labor and Human Resources Committee, offers a good prototype of how to create publicly supported work in such areas. H.R. 3525 similarly recognizes the need for directing employment and training activities toward new career opportunities.

On the whole, YEDPA has made great strides in balancing these goals. Its services have been tailored well to the needs of the young people it is intended to serve.

Enacted in 1977 and due to expire this September, YEDPA has been truly remarkable in terms of its size, creativity and diversity. The Administration estimates YEDPA and the other CETA youth programs has served about 750,000 youths. About three-fourths of the increase in black youth employment in 1979 is attributable to the program. This record is commendable and AFSCME is proud to have worked with this Committee in the development of the program.

YEDPA has been a major social experiment testing innovative approaches to curing the ills of youth unemployment. It has been well structured and offered a wide diversity of employment-related services that include counseling, training, vocational exploration and other support services, as well as work experience. It has stressed cooperation with the schools. There has been greater federal oversight and monitoring. Greater stress has been placed on jobs in the private sector. There has not been widespread substitution through some instances have been reported, and substitution remains a major fear of our membership.

However, we still have a major youth unemployment problem in this country. Unemployment rates hover around 16 percent for all young people, and are nearly 33 percent for black youth. Data gathered by the Vice President's Task Force on Youth Employment graphically demonstrates the continuing and deeply rooted problems that will prevail in the 1980s. Despite a projected decline in the total number of young people, the youth employment problem is expected to worsen. There will be a continued increase in the number of minority youths who already experience unemployment rates many times higher than those for other Americans and who will confront an economy that increasingly demands white collar and technical skills they do not have. Clearly, we must continue and expand our present youth employment and training programs. To do otherwise would relegate hundreds of thousands of young people to poverty and hopelessness for the rest of their lives.

As this Subcommittee considers extending, expanding and revising the youth employment program, AFSCME would like to offer several suggestions to improve its quality and scope. The youth employment problem is too complex to be solved simply by short-term make work jobs. It must go further and try to eliminate the persisting inequalities and other root causes of unemployment among youths. We must improve the quality of work experience, provide more skills through training and educational programs, improve supervision, expand the apprenticeship concept, and increase union involvement in program development.

AFSCME's July 1979 testimony on YEDPA before the Employment Opportunities Subcommittee pointed out the extraordinary lack of basic education skills among many work experience participants. This is an extremely serious problem. The analysis of the Vice President's Youth Employment Task Force leads to the inescapable conclusion that, without minimum competence in basic skills, young people will be unable to compete in an adult labor market that increasingly demands such skills. An important key to the long-term solution of the unemployment problems of these young people must be developing their basic educational skills.

AFSCME is pleased, therefore, to see that the Administration proposes significant new resources for education, especially basic skill development. We support additional efforts to respond to the special need of disadvantaged teenagers through compensatory education programs.

AFSCME also supports continuing YEDPA's emphasis on cooperation between the local education and prime sponsor systems. Cooperation and innovation is vital if we are to motivate students to stay in school or resume their education and improve the transition from school to work.

We must do a better job of linking the provision of education skills with vocational exploration and training relevant to specific current and future labor market demands. An equal partnership between the education and manpower systems must be fostered through specific agreements for jointly funded programs. We are pleased at the recognition of the need for such cooperation in H.R. 6208.

The proposed Education Cooperation Incentive Grants program in the Administration bill is specifically designed to achieve such cooperation. However, we are concerned that the same amount of money presently directed to such activities under YEDPA may not be available under the Administration's proposal. Joint activities should be a priority under the program and receive at least the same commitment of resources as under current law. Education Cooperation grants should stimulate imaginative and novel ways of providing education services as well as manpower services. Alternative education models should be given the highest priority especially in order to bring dropouts back to school.

Training and work experience activities under the youth employment program should be directed more toward occupations for which there is likely to be local and national demand and toward activities of value to the local community. Such activities would give participants marketable skills with which to compete in the labor force. Among the areas that could be considered for special attention are mass transit, weatherization, solar energy projects, environmental protection, day care, health care and computer sciences.

While the Administration's proposal appears to give some attention to this concept under the Special Purpose Incentive Grants, we think these grants should be specifically directed to emphasize expanding private sector occupations and special public service activities and projects that are socially useful but not presently being done. In addition, prime sponsors should be required to give priority to linking training and work experience funded through their Basic Grants toward occupations and activities for which there is a demand and need.

AFSCME also supports linking CETA youth training programs to other federal programs. S. 1725, approved by the Senate Labor and Human Resources Committee, provides a good model. Under that program, CETA pays the wages and benefits of some of the workers on projects run by CSA. H.R. 6796's new emphasis on linking CETA with economic development activities also is commendable. Federal programs run by HUD, EPA, CSA, DOT and the Health and Human Services Departments can lend themselves to similar efforts.

Subpart 3 of the Administration's proposal suggests that such programmatic linkages are desirable. The concept should be given more emphasis. The Basic Grants Section should encourage such linkages in prime sponsors' programs. Subpart 3 funds could be used to stimulate such coordination locally.

Last summer, AFSCME raised concerns before the Subcommittee about work experience activities. Our locals continue to fear the possibility of substitution by minimum wage work experience participants and question the quality of some of the programs.

Although substitution appears to have been limited, our members have found some cases under YEDPA, primarily involving maintenance work in and outside of the schools, but also in such areas as low-level hospital work and clerical work. Common techniques have been adding the words "helper" or "aide" to an existing job title or restructuring a job so that two work experience participants perform the work of one adult worker. Here is one example of substitution in a slightly different form.

In Chester, Pennsylvania, twenty-two summer youth workers were placed at the welfare board without union concurrence. They were paid minimum wage with no benefits. Similarly employed state workers earned $4.23 per hour with a full benefit package. Some of the jobs held by the youth workers were above entry level and resulted in the partial displacement of regular state employees.

The attached complaint was filed with the Region III R.A. citing an "existing emergency situation." The prime sponsor, in informal resolution agreed to remove the CETA workers.

The tragedy here is that misuse of the program has turned the members of the affected local against any kind of CETA activity at their worksite. The local is expected to resist *any* future CETA placements there. Three worksites are now probably closed for any future CETA activities, regardless of program type.

Similar incidents have occurred elsewhere. When CETA activities, executed in violation of the regulations have had a negative impact on our members, their reaction often is how to get the "CETA people" out and keep them out.

Agressive monitoring by the union generally has prevented major problems of this kind from occurring, but, as we have noted in the past, union involvement has not always come easily. Despite general union comment requirements and union concurrence requirements under the Entitlement program, in several of the Entitlement cities, our locals had to threaten to block the program or parts of it until they received a commitment of prior consultation and cooperation from the city.

The value of some work experience activities to the participants also appears questionable sometimes. Our members have pointed out that there does not appear to be much relationship between some work experience activities and training and career development.

Already low-skilled jobs are restructured to try to create even lower skilled jobs. There is heavy emphasis on maintenance and beautification, as well as very low-skilled clerical work.

While this kind of experience theoretically may help develop good work habits and build a resume, it does not appear to be structured to lead to future employment with the city in similar work. It also is uncertain that transferrable skills are acquired. Inadequate supervision or segregation into separate, isolated work crews sometimes result in worsened behavioral problems and a high degree of absenteeism, and discourage the development of improved work habits.

Public sector work experience, therefore, should become a more formal activity, designed as part of a broader, integrated program of basic education, support services and development of marketable skills. Current limits on how much time can be spent in work experience should continue. Participation should be conditioned on some locally defined measure of satisfactory progress in basic educational and/or training programs. Work experience should be related as much as possible to specific career possibilities and provide some form of credentials that are transferrable to other employers. Improved supervision is essential.

Work experience also should be the product of specific agreements between local unions and employers in much the same way apprenticeship programs are established. An equal partnership in both the design and implementation of the program can help locals unions head off potential substitution and create a more positive working environment for participants. It can help avoid misuse of program funds which hurts public employees and which can turn them against the program.

Other forms of training and work need more emphasis under the youth employment program, especially those involving the private sector. Any continuation or expansion of the Entitlement program should provide for a broader range of manpower services than just public sector work experience so that participants have a choice of activities that meet their individual needs and interests, and so that activities can be more appropriately tailored to local economic conditions. Title VII should be extended along with the amendments proposed in H.R. 6796.

On-the-job training should be stressed as a way to direct training toward expanding private sector opportunities. Such an approach to private sector involvement is far preferable to giving private employers incentives to hire young people, such as exemption from Social Security taxes, the targeted jobs tax credit, and a youth subminimum. None of these approaches offer the opportunity for any control over how employers use young workers or over the quality of the work and/or training they receive. AFSCME also objects to the proposed "community service" projects in H.R. 4465 because of the potential for contracting out public services. We seriously question the "social bonus" approach in H.R. 6208. We see little incentive to the student in this approach and the potential for great abuse by the employer.

Formal apprenticeship programs should be given more priority in the program. Funds under Subpart 3 of the Administration's bill could be used to develop new apprenticeship models. Subpart 2 funds should be used to encourage prime sponsors to direct some of their resources toward apprenticeship. There are literally hundreds of apprenticeable occupations in which few, if any, apprentices are being trained. Undoubtedly, there are numerous others which would lend themselves to the development of formal apprenticeship.

At AFSCME we have been developing new apprenticeships in public sector employment. Among the occupations considered as potentially apprenticeable are correctional officer, mental retardation technician, and waste water treatment plant technician. While this project is aimed primarily at creating career opportunities for public workers currently in dead-end jobs, it could be adopted to the needs of young people.

Finally, AFSCME urges a policy that would encourage stability and rational growth. CETA funding levels have been very unpredictable. Public employers often have had to hire large numbers of people too quickly. Inadequate time to do creative program planning has resulted. AFSCME strongly supports foward funding as a way to encourage better program development. Similarly, we believe any start-up of new Entitlement projects should incorporate adequate planning time to assure a rational build-up and quality services.

The suggestions we make for the youth employment programs would improve what is already a sound program. However, we must point out that AFSCME could not support the legislation were it to include any youth subminimum provisions.

A youth subminimum is discriminatory, encourages substitution and makes no programmatic sense. It is discriminatory because it pays one group of workers less than another for doing the same work. If applied to this program, it would discriminate most against minority and disadvantaged young people. It is a myth that teenagers and adults do not compete for the same jobs. A May 1978 Bureau of Labor Statistics survey showed at least two-thirds of the country's minimum wage workers were adults—primarily adult women. Substitution is, therefore, clearly probable. Finally, the wages earned—$52.33 per hour—would be below the eligibility criteria for participation in the proposed program. It is doubtful many youths, especially heads of households, would find such a wage very attractive.

Work created under the youth program must be subject to the law's existing wage and benefit requirements. These requirements have proved essential in avoiding substitution. They help discourage prime sponsors from filling regular job titles with young workers at low wages instead of adults at prevailing wages. At the same time, they have not precluded the creation of many work experience activities at or near the minimum wage.

In summary, the Administration's youth employment proposal offers a good basis on which to build a balance youth employment and training program. It recognizes the importance of basic educational skills and of cooperation between the education and CETA systems. It maintains YEDPA's diversity while providing for some program consolidation to help simplify administration. It strikes the appropriate balance between local autonomy and national objectives and responsibilities. It provides a framework into which other worthwhile proposals before the Committee can be incorporated.

AFSCME urges expeditious action on this legislation and looks forward to working with the Committee in that endeavor.

AFSCME AFL-CIO Local 2588,
Chester, Pa., August 6, 1979.

Re Official complaint letter "existing emergency situation."

Mr. William Halpigan,
Regional Administrator, U.S. Department of Labor, Philadelphia, Pa.

Dear Mr. Halpigan: I am writing a complaint letter to your attention for the following reasons:

1. CETA personnel are being utilized in this State Office. They are paid the minimum wage and earn no benefits. I have attached a list of all CETA personnel, their hours, days they work and the names of the supervisors who supervise them.

2. Regular State Employees employed here by the Dept. of Public Welfare Delaware County Board of Assistance perform similar duties as the trainees by State jobs classified as Clerical trainee starts at $4.23 an hour plus blue shield/blue cross major medical, paid prescription, dental, eye glasses and earn Annual, Personal, and Sick leave. Delaware County Manpower Office is the Prime sponsor for all CETA personnel employed in this County Board and all three work sites—nine CETA workers—Delaware County Board of Assistance, 12th and Crosby Street, Chester, Pa. 19013; nine CETA workers—District Office No. 2, West Chester Pike, Upper Darby, Pa.; four CETA workers—District Office No. 3, 7th and Sproul Streets, Chester, Pa. 19013.

I do not have detailed job descriptions available now. However, upon your request these descriptions will be made available to you. Since my employer the Commonwealth is not the prime sponsor our Collective Bargaining agreement between State Employees and the Commonweatlh (American Federation of State County and Municipal Employees) does not cover non-state workers. CETA personnel are paid via the County of Delaware Treasury. This involves a total of 22 CETA workers are involved agency-wide.

We believe that all CETA are performing work duties and responsibilities of above the entry level namely: Noel Vidro (working on front reception desk) at the District Office #1. All clerks out front are classified Clerk II's. Starting Salary for a State worker in this job is 4.66 an hour plus all benefits.

To my knowledge Mr. Vidro is working full time for the minimum wage and zero benefits. Also, it is to be noted that (2) State Employees were moved off the front desk and received cuts in pay and threats of lay-off if they did not request in writing a voluntary demotion to a Clerk–I.

Shortly after being moved Mr. Vidro with no experience or training on the front desk was placed in their place. Their names are Anne Campbell and Mamie Bailey. The reason management gave for moving the two women was that they were not working out well and they did not respond to training. Mr. Vidro, I repeat received no training at all.

To my knowledge none of the 22 CETA workers working here have ever received any formal training.

I feel that the Regional office should consider the complaints I have described in my letter before the prime sponsor procedure has been exhausted. An emergency situation exists because the violations not only affect CETA personnel but full time State employees. Attached see copies of Labor/Management minutes where management clearly states they utilize CETA above the entry level and that our full time permanent State workers could no be transferred into the units because classification grievances for more pay and permanent reclassification might be filed by the union.

Our union is represented by American Federation of State, County and Municipal Employees AFL-CIO Local 2588, District Council #88, 1737 Chestnut Street, Philadelphia, PA. (Mr. Edward Keller, Executive Director).

I must insist that the entire CETA program as it is being utilized at the present time be investigated. Also, it has come to my attention that in other Counties across Pennsylvania the State is the prime sponsor for all CETA employed in State offices and institutions. To my knowledge my union leaders have not concurred to this program.

Please investigate all my charges and respond to my attention within 60 days.

Thank you for your time. Please review all attached papers concerning the CETA program at the Delaware County Boards of Assistance. Also see attached list of charges and Section of Law and Section of Regulations.

Sincerely yours,

MAUREEN VANHORN,
Head Shop Steward.

LIST OF VIOLATIONS CETA ACT—DEPARTMENT OF PUBLIC WELFARE, DELAWARE COUNTY BOARD OF ASSISTANCE

Provision	Section of law	Section of regulations
Prevailing wages PSE	124(b)(3)	676.26-1(c)(1).
Classification must be reasonable and cannot be used to deny benefits	122(k)	676.27(b).
Outstationing		676.25-3(c)(3).
Job restructuring defined		675. 5.
Work experience	121(i)	676.25-4.
Union consultation and concurrence	103(e)(9)	676. 24.

THE COMMONWEALTH OF MASSACHUSETTS,
DEPARTMENT OF MANPOWER DEVELOPMENT,
Boston, Mass., March 31, 1980.

Hon. AUGUSTUS HAWKINS,
Chairman, Subcommittee on Employment Opportunities,
Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN HAWKINS: In conjunction with your hearings on the reauthorization of CETA youth programs, I am transmitting the enclosed Position Statement adopted by the Policy Committee of the Massachusetts State Employment and Training Council. I would like to have this statement included in the record of the hearings. I hope that the views expressed here will be of use to your subcommittee, and will be taken into consideration in the course of your deliberations.

Very truly yours,

JAMES C. CALKINS,
Chairman, Policy Committee,
Massachusetts SETC.

POSITION STATEMENT ON REAUTHORIZATION OF CETA YOUTH PROGRAMS, POLICY COMMITTEE, MASSACHUSETTS STATE EMPLOYMENT AND TRAINING COUNCIL

The reauthorization of CETA youth programs, currently enacted as the Youth Employment and Demonstration Projects Act of 1977 and due to expire on September 30, 1980, is the major legislative priority of the CETA system this year. Already, several pieces of significant legislation have been introduced in Congress to accomplish this purpose. The purpose of this statement is to present the position of the Policy Committee of the Massachusetts State Employment and Training Council with respect to a number of key issues that are raised in proposed legislation. These opinions are based upon a set of principles pertaining to the provision of E&T services to youth that have been developed over time by the Massachusetts State Employment and Training Council.

First, the consolidation of CETA youth programs into a block grant is the single most important reform which Congress could enact. The current categorization of programs into YETP and YCCIP is artificial at best, since the type of activities allowed under YCCIP may also be carried under WTTP; at its worst, however, categorization is a tremendous administrative burden, causing hours of needless paperwork, particularly for small prime sponsors whose YCCIP allotment may be less than $100,000. No useful purpose is served by this arbitrary division of youth funds. Instead, decategorization would serve to return decisionmaking to the local level where the exact mix of services provided to youth can be adapted to their needs and to the conditions of the local labor market.

The plethora of major youth bills currently introduced in Congress is a hopeful sign in that it indicates the serious attention which many Members are devoting to this issue; it is a worrisome phenomenon, however, in that it threatens to bog down the legislative process, and, more importantly, threatens that the final product for youth legislation may be more of a patchwork quilt than the current law. This must not be allowed to happen.

In this same regard, it appears that most, if not all, of the bills now before Congress contain special pots of money for this and that, or setasides for some worthy purpose or another, or incentives for every sort of priority, or required matches in order to get more money. For example, the Administration's bill has so many divisions of money that it resembles an organization chart of the federal bureaucracy. Under this bill the money available to prime sponsors under this basic formula grant for youth programs is actually reduced by $200 million dollars from $693 million currently availably under WETP to $497.8 million, and prime sponsors will be "challenged" to mortgage this reduced pot to national priorities in order to increase their allocations through incentive grants. This is hardly the decategorization that has been promised.

In a related matter, since we are talking about trying to put all the youth money into one pot, it is time to eliminate the current requirement for maintenance of effort for youth in title IIB. This requirement made sense when YEDPA was first passed, since the purpose of that Act was to increase the level of services to youth. It no longer makes sense, however, to hold prime sponsors to the same percentage of youth served in title IIB as were served in March of 1977. At that time, prime sponsors were in their infancy, there was great pressure to build up numbers of clients quickly, and so primes turned to youth as the easiest target population. Many were "caught" in March 1977, with very high percentages (in most of Massachusetts as high as 55 percent) of youth in then title I. Now, however, prime sponsors have developed more sophistication in serving the more difficult adult population and are eager to do high quality training programs for these people, but are artificially constrained from doing so. The planning process is bound and hampered, and large chunks of money are, for practical purposes, earmarked for after-school work experience, the inevitable result of having so many youth in title IIB. The issue, put simply, is one of quality.

Not all, but most youth belong in title IV not title II. This conclusion is strengthened when you consider that the goal of title II is long-term placement into unsubsidized employment. This is not necessarily the most desired outcome for youth. Most of the bills before Congress now recognize that what youth need from the CETA system is a variety of services, including competency in basic skills, career exploration, sampling of different work possibilities, and other strategies which are intended to produce long-term effects rather than immediate placement which might lock the youthful client in too early. In addition, title IIB is partially evaluated on the basis of cost-per-placement: not only is this an inappropriate measurement of success in youth programs for the reason just cited, but by having so many youth in title IIB, the cost-per-placement figure is thrown off balance, the prime sponsor looks bad, and a totally inaccurate picture emerges. Whatever good work the prime sponsor is doing with adults gets erased in the numbers.

This situation is made even worse by the fact that the percentage mandate for service to youth differs from prime sponsor to prime sponsor: each is stuck with its own March 1977 percentage, and some which became primes after this date are stuck with the balance-of-state or other percentages not of their own making. The cost-per-placement for the prime sponsor with a 10-percent mandate is compared to that for a prime with a 55-percent mandate, and obvious gross inequities occur. Cost-per-placement, therefore, becomes a meaningless basis for performance review.

The rigidity of program design engendered by the maintenance of effort provision is the very thing that decategorization is designed to remedy. Congress should act, swiftly, to see to it that all the youth money is put in one place and that the prime sponsors are given the flexibility to design the appropriate mix of programs for their clients and their locales. We would point out an easy way to do this: a simple re-enactment of YEDPA, with the elimination of Subpart 2—YCCIP, and the removal from Section 431 of maintenance of effort language.

Second, in keeping with the consolidation and decategorization of youth programs, legislation should establish a uniform eligibility criterion for youth programs. This criterion should be based on family income, and should be set at 70 percent of the Bureau of Labor Statistics lower living standard income level, in order to target services to those youth most in need. However, because some very needy youth may not qualify under this eligibility criterion, we support a provision that a prime sponsor may use up to 10 percent of its youth grant to serve those otherwise ineligible.

Third, several bills have been introduced in Congress to authorize a subminimum wage for youth at 85 percent of the minimum wage. Such a provision could have very negative consequences: on the one hand, it could lead to the displacement of adult workers, and on the other hand, it could be open to abuse by employers who would take advantage of this break to hire those whom they would have hired anyway. No one knows in which direction this issue would break. Furthermore, the concept of a subminimum wage ignores the legitimate needs of many youths, particularly young parents and other youths with family responsibilities, for money to support themselves and their children. It would foster incentives to drop out of school, as part-time after-school jobs become inadequate in terms of earnings, and full-time subminimum wage jobs are sought.

The high-minded purpose behind the concept of the subminimum wage—to give employers an incentive to hire youth—could be better served in other ways. In particular, if subsidized work experience in the private sector could be allowed, and if OJT payments and the Targeted Jobs Tax Credit could be applied simultaneously, these are two attractive alternatives to the subminimum wage.

Finally, on the issue of employer incentives, caution should be exercised in considering two other proposals before Congress—six-month waivers of social security taxes and unemployment insurance taxes. Such exemptions would give the unscrupulous employer a strong incentive to roll over his labor force every six months, a fault to which the Targeted Jobs Tax Credit is also perhaps prone. To the extent possible, such "cliff" effects can be alleviated by phase-ins (of taxes) and phase-outs (of credits). It is a point to keep in mind.

Fourth, it is essential that the allocation formula for distribution of basic grants to prime sponsors be well-targeted, and for this reason we are completely opposed to legislative proposals to institute performance-based funding, particularly when performance is measured by long-term placement which, as stated above, is not always an appropriate way to measure success in youth programs. Performance-based funding has the unfortunate effect of encouraging "creaming" of the applicant pool, thus neglecting the "most in need." It also tends to reward areas with strong economies where placement is relatively easy, and to shortchange areas "most in need." Instead, CETA youth programs should be funded on a needs-based formula which includes unemployment as one of its factors.

This is not to say that we are opposed to performance measures themselves. With regard to them, however, it is imperative that standards of performance for prime sponsors not be imposed arbitrarily from the national level. Performance standards for prime sponsors must be developed in each case at the local level, derived from a rigorous planning process that takes account of the local employment situation and the needs of clients. And prime sponsors must be held to them. We also endorse, and ask Congress to give serious consideration, to instituting the concept of peer review, as is used in school and hospital accreditation and in the accounting profession, as a means for evaluating prime sponsors.

With regard to performance standards for participants, a prominent feature in the Administration's bill currently going by the popular names of "benchmarking" or "credentialing," we have serious concerns. There currently exists a system of benchmarking for youth in this country—it's called passing the ninth grade, passing the tenth grade, etc. Johnny passes these benchmarks, and still he can't read. He receives a credential, a high school diploma, and employers find him inadequately prepared. In short, we have evidence that a piece of paper in hand can be meaningless. We are extremely wary of the potential for rigidifying the CETA system which the benchmarking concept poses. Instead, we believe that the prime sponsor's own good reputation and credibility in the local business community, something which the prime sponsor must work to develop, is the best recommendation and the best assurance that employers will be willing to hire CETA "graduates."

Perhaps the credentialing concept is an atempt to get away from advocacy referrals and appeals to employers' social consciences. If this is so, it is a misguided idea since advocacy referral will be needed as long as there are more youths than jobs for them.

Fifth, many pieces of legislation currently before Congress have new councils and advisory groups, some at the federal level, some local. The proliferation of such groups must cease. Prime sponsors already have three councils to juggle and are plagued by the vested interests of many of the persons who are willing to serve on them. Surely existing councils can be adapted to serve whatever needs Congress perceives without creating new ones.

Sixth, coordination with other agencies, Employment Security offices, local education agencies, and other federal programs, is a key element of an integrated approach to serving the needs of youth. Too frequently, however, and in too many of the bills before Congress, the burden of achieving this is placed solely on the CETA system, with no mandates for cooperation on the other side. To give but one example, it was a battle this past year to get cooperation with CETA even mentioned in the reauthorizing legislation for EDA. This must stop.

The role of the Employment Service in the youth effort is one place to start. We believe that the establishment of a separate unit in ES to deal exclusively with youth might be worthwhile, since such a unit could be staffed by counsellors especially attuned to the employment needs of youth. Since the provisions of job search assistance to youth should not be income-conditioned, ES is the proper agency to do it. It is essential, however, if this new unit is mandated that there must be new funding for it, (not to come out of CETA), and it should be allocated on a needs-based formula. Coordination with CETA should be legislatively mandated.

With regard to coordination with the schools, one of the best mechanisms that could be adopted to achieve this is forward-funding of the CETA youth programs. Educators have frequently made the observation that coordination is hindered by the lack of synchronization in funding cycles between CETA and the schools, and by the annual uncertainty over the level and timing of CETA funding. Somehow between this common sense fact and program implementation, the point gets lost. This is a good time to rediscover it.

Coordination with other federal programs, such as economic development, is also an important priority and one to which all relevant federal agencies, not just the Department of Labor, should be committed. The current interagency employment initiatives agreement is intended to accomplish this purpose of having other federal agencies target some of their resources to the disadvantaged. This effort should be encouraged and strengthened by legislative mandates to the agencies in addition to the Department of Labor which should be involved.

Finally, of overriding concern to the CETA system and all those concerned with the needs of disadvantaged youth is the timing of new legislation. Like the many Members of Congress who have sponsored youth legislation, we would like to see new legislation, based on the principles outlined above, enacted in this session of Congress. We are fearful, however, on two counts: (1) That haste will produce a hodge-podge; and (2) that a slow, deliberate approach will leave us on September 30 completely up in the air as we were in September of 1978. It is a dilemma, but our preferred solution is this: a clean and simple bill, a block grant through the CETA system, passed and signed early.

YOUTH EMPLOYMENT ACT OF 1979
Part 4

WEDNESDAY, MARCH 19, 1980

House of Representatives,
Subcommittee on Employment Opportunities,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10:10 a.m. in room 2175, Rayburn House Office Building, Hon. Augustus F. Hawkins (chairman of the subcommittee) presiding.

Members present: Representatives Hawkins, Weiss, Clay, Jeffords, Tauke, Petri.

Staff present: Susan Grayson, staff director; John Jennings, counsel; Nat Semple, minority senior legislative associate; Steve Juntila, legislative associate; Bob Guttman, CRS labor specialist; Carole Schanzer, administrative assistant; Beth Buehlmann, minority legislative associate; Don Baker, chief clerk; Terri Schroeder, staff assistant.

Mr. Hawkins. The Subcommittee on Employment Opportunities is called to order.

The hearing today is a continuation of the subcommittee's hearings on youth employment and training proposals. The witness today is the Hon. Ray Marshall, Secretary of Labor, the U.S. Department of Labor.

Mr. Secretary, we are delighted to welcome you and your colleagues to the hearing this morning. We look forward to your testimony.

The chair would like at this time to express the appreciation of the subcommittee to you and to your staff for their cooperation with this subcommittee and the staff of the subcommittee. Certainly, you are one of the most encouraging voices that we hear these days, and we certainly look forward to your testimony and pledge to continue to work with you, hopefully to establish some consensus of opinion between the administration and the subcommittee in order to try to approach this very difficult problem in the most reasonable and rational manner that we possibly can. We welcome you.

Your prepared statement in its entirety will be entered in the record, you may deal with it as you desire.

Would you kindly identify the other witnesses?

[The prepared statement of Secretary Ray Marshall follows:]

Prepared Statement of Hon. Ray Marshall, Secretary of Labor, U.S. Department of Labor

Mr. Chairman and members of the subcommittee, thank you for the opportunity to appear before you today to present the Administration's proposal for the new Youth Training and Employment Act, the Labor Department's portion of the new youth education and training legislation.

There are too many youths in the U.S. today who cannot find jobs, cannot hold jobs or cannot progress towards a life of productive contribution and economic independence. This is a major failure of our society.

Since the start of this Administration, President Carter, Vice President Mondale and I have been personally committed to correcting that failure. We have already come a substantial way. Our 1980 expenditures for youth training and employment programs are $1.6 billion over the 1977 level. This investment has played a major role in stopping the trend towards increasing unemployment and underemployment among our disadvantaged youth. But there is still much to be done if we are to consolidate our gains.

This new bill has been designed for the dual purposes of continuing the most promising elements of youth programs expiring in 1980 and of applying the knowledge we have developed about what works best for whom in youth employment and employability development. The goal of the Youth Training and Employment Act, in coordination with the Department of Education's Youth Education and Training Act, is to increase the future employability of disadvantaged youth through a carefully structured combination of education, training, work experience, and related services.

This new bill is designed to:

Address the needs of youths at different ages and stages of development with a variety of strategies and services that aim to move youths into long term productivity,

Establish locally developed achievement benchmarks for both program providers and program participants;

Consolidate local programs and increase local decisionmaking on the mix and design of programs;

Redirect present youth unemployment programs toward intensive services for out-of-school youth and provide through the Department of Education for the basic educational needs of in-school youth;

Improve accountability for program performance and simplify reporting;

Provide extra resources to distressed areas;

Provide incentives for promoting special national purposes;

Promote linkages between CETA prime sponsors and educational agencies and institutions;

Improve access by youth to private sector employment; and

Improve staff and program capability.

When fully implemented in 1982, we estimate that the Labor portion of the program would provide services to over 1.1 million young people, an increase of more than 450,000 over current program service levels. The Education program under Title II would provide services to one million secondary school age youth.

I want to stress that the Act is a comprehensive proposal to improve the basic educational and employment skills of the nation's youth. It addresses the needs of young people and their potential employers. It offers assistance to students, in both junior and senior high schools, as well as those who have left school. It seeks to expand and coordinate existing services while simultaneously drawing on local knowledge and creativity to develop new ones. It stresses long-range planning, firm links between school and community, and strong incentives based on performance.

Precisely because it is a comprehensive proposal, the Act's two main components should be viewed together. There is a basic division of responsibility with the Department of Education focusing primarily on those who are still in school, and the Department of Labor focusing on those who are not. The two programs have been designed to work together smoothly to provide a full range of services for the target group of young people. This is a united effort, one which will build on existing programs and structures, to forge strong links between the worlds of school and work.

Before discussing the specific proposals the Administration has developed for dealing with the critical problems caused by excessive youth unemployment, I would like to discuss what we have learned from operating the new youth programs for two and one half years as well as from the vast array of special demonstration projects, research studies, program evaluations, and the intensive nine month study by the Vice President's Task Force on Youth Employment. Through our experimentation and through discussions with experts, practitioners, trained observers, and participants in our program, we know a great deal about the nature of youth unemployment, the problems it causes, and the approaches that work best.

THE NATURE OF YOUTH EMPLOYMENT

The major findings of our review of youth unemployment are as follows:

1. Youth unemployment accounts for a major share of aggregate unemployment and is a problem of substantial concern.
2. Youth employment problems are critical because they are so inequitably distributed. The gap between white and non-white and between the rich and poor, has widened considerably.
3. The long-range hardship related to youth joblessness is significant and increasing.
4. Joblessness among youth has substantial social costs and consequences.

There is a natural pattern that occurs for almost everyone from age 14 to 21. This pattern includes frequent job changes and occupational exploration, shifts from part-time intermittent work to full-time year-round employment, and increasing stability in work patterns and career goals as youths get older and develop a progressive interest in and commitment to work.

Most youths follow such a sequence of experiences, interests and competency development. Only for a minority is progress disrupted by such events as early school leaving, drug or alcohol addiction, arrest and incarceration, and early childbirth. However, the odds of experiencing this kind of occupational and developmental disruption are far greater for certain groups, such as youths from economically disadvantaged backgrounds, minorities who have suffered from limited educational and social opportunities in early childhood, young women whose occupational options have been limited by artificial barriers and youth with mental or physical handicaps. Those who start off with a disadvantage of this sort frequently face restricted employment opportunities. In addition, they have less peer, parental and institutional support in mitigating the consequences of such disadvantages. The result is that such youths fall farther and farther behind.

There are no clear paths of success or of failure, but evidence suggests correlations between labor market experience in the teen years and subsequent employment and earnings; school completion, employment and earnings; sustained teenage unemployment, juvenile delinquency, and future employment problems. The correlations between early labor market experiences and future labor market outcomes become more evident as an individual ages. The problems also become more difficult to remedy. All of these factors have implications for the design of youth employment and training opportunities to assist those who have fallen behind.

The general theory underlying our proposed youth bill is that there is a variety of needs among youths of different ages, that certain elements are inter-related, and that it is important to try to target limited resources on those most likely to fall behind and stay there.

ACCOMPLISHMENTS UNDER CETA YOUTH PROGRAMS

To attack these problems, the Carter Administration has significantly expanded, enriched and improved the performance of employment and training programs for youth. The ambitious goals of the 1977 Youth Employment and Demonstration Projects Act (YEDPA) have been largely achieved. Our efforts to double Job Corps capacity are continuing and program offerings have been broadened. Longstanding problems in the summer youth program have been tackled and substantially solved.

The Carter initiatives have surely contributed substantially to increasing youth employment and to reducing the unemployment differentials between nonminority and minority, and between rich and poor youth. The CETA system has demonstrated its delivery capacity in mounting new initiatives while improving existing programs. Experimentation and demonstration activity, unprecedented in size and scope, provided and is still providing knowledge necessary to improve the effectiveness of employment and training services. A solid foundation has been established for youth policies of the 1980's. Let me give you a few examples.

The four major new youth employment and training programs created under YEDPA were fully underway within six months of the signing of the Act. They have now been stabilized and are fully integrated with other CETA operations.

The new CETA youth programs have served over three quarters of a million youth since their inception, with an average of two hundred thousand participants on board at a time during the last year. During fiscal year 1979 alone, over 450,000 youth participated in the two new formula funded youth programs; over 175,000 received career employment experience; over 99,000 received transition services; 8,600 were in on-the-job training; 46,800 received classroom training; and over 121,000 were in work experience. Many more youths participated in the summer job program and in other CETA programs.

Of those who left the programs in fiscal year 1979, over 64,000 entered employment, and 179,000 others had positive terminations, such as entering the military, or returning to school. During fiscal year 1979, 5,500 youth received their General (High School) Equivalency Diploma (GED); over 64,000 returned to school, and almost 28,000 received academic credit for their employment and training activities.

The programs are highly targeted on those most in need; over four-fifths of the participants are from low income families and almost two fifths are minorities.

The programs have been an important contributing factor in increasing youth employment. Program enrollment accounts for one-fourth of the measured employment growth of all teenagers since December 1977 and virtually all of the growth for black teenagers—the only gains for black teenage males in the 1970's.

Minority youth in particular have made notable gains. The new youth component of the National Longitudinal Survey (NLS), a specially designed study of over 12,000 youth, show that between January 1978 and Spring of 1979, 2.5 million youths or 6.9 percent of all youths reported participation in one or another CETA program. The rate of participation for black youths was 17.4 percent, and for Hispanics 12.2 percent, compared to 4.8 percent for whites.

At the time of the NLS survey, employment in these programs accounted for one in seven jobs held by Black youth ages 16 to 19 and a tenth of those held by Hispanics. During 1978, 44 percent of Black youth aged 14–19 who held a job participated in an employment program, as did 23 percent of youth Hispanic workers.

LESSONS FROM PROGRAM EXPERIENCE

Past experience with youth employment and training programs, and extensive analysis of the CETA youth program efforts over the last 2½ years, provide a number of lesons concerning the effectiveness of alternative activities and strategies in meeting youth employment needs. These lessons provide the basis for the design of the Administration's Youth Training and Employment Act. They are:

Local youth programs should be consolidated. The delivery system must be streamlined and paperwork reduced.

Youth employment policies should reflect the developmental needs of youth. Different strategies are needed for youths of different ages.

Locally developed benchmarks and performance measures are required to certify to employers the achievements of youth. Program records should document pre-employment experience, employability development, educational attainment, and vocational competence.

Intensive efforts for older, out-of-school youth have been most effective and should be emphasized in new initiatives.

To be effective, Federal employment and training programs must reflect workplace realities in their demands and rewards. Increased emphasis is needed on performance requirements for program operators to make sure that Federal dollars are buying high quality services which meet current labor market needs and realities.

Greater local flexibility is needed. National priorites should be acheived through incentives. Incentive funding can be provided for special activities, such as weatherization; or for categories of youths with special needs, such as the handicapped; or for programs operated by special types of service deliveries, such as private-for-profit organizations.

The problems of excessive youth unemployment are highly concentrated both geographically and among certain groups of citizens. Resources must be carefully targetted on communities and population groups with the greatest needs, such as dropouts, minorities, youth from poor families, and youth with handicaps or other special problems.

Finally, addressing problems of high youth unemployment requires sustained planning and program linkages among the private sector, schools, the CETA system, comunity based and voluntary organizations, parents, and concerned citizens.

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THE DESIGN OF THE YOUTH EMPLOYMENT AND TRAINING ACT OF 1980

The legislation that we are proposing is an outgrowth of these lessons and experiences. The Act would revise and extend through 1984, title IV–A of the Comprehensive Employment and Training Act (CETA). The major features of the program are as follows:

PARTICIPANT ELIGIBILITY

Youths ages 14 to 21 will be eligible. Youths age 14 to 15 will not be eligible for paid services during the school year, but could receive counseling, occupational information, and similar services. In addition, 14 and 15 year olds may participate in the summer program if an educational component is included.

The family income of eligible youths must be at or below 85 percent of the Bureau of Labor Statistics lower living standard income level, except that up to 10 percent of each prime sponsor's funds could be used for youths who do not meet such income requirement but who otherwise demonstrate need for services. Eligibility will also be extended to severely handicapped, offender, or pregnant youths in accordance with standards prescribed by the Secretary of Labor or to those youth attending target schools designated under the basic skills program in the Administration's proposed Youth Education and Training Act.

Both in-school and out-of-school youth will be eligible. In order to participate in an employment or training program, school-age youths will be required to participate in a suitable educational or basic skills program or component.

The Secretary will issue regulations which will designate a specific period of joblessness prior to application for the program or a specific period of initial unstipended participation during which counseling and other transitional services, will be available.

STIPENDS, ALLOWANCES, AND COMPENSATION

It is the intent of the program to provide payments primarily for work. No stipends would be paid to school-age youths (under 18) for the time spent in educational or institutional training programs, except in exceptional circumstances as specified by the Secretary in regulations. Training allowances could be provided to youth age 18–21 as specified by the Secretary. Allowances may be paid to cover the documented costs of program participation, for example, transportation costs. Also, at the discretion of the prime sponsor, modest monetary and nonmonetary incentives may be provided for youths in training pursuant to the regulations of the Secretary. These types of allowances would not be payments merely for time spent in an education program. Rather, the intent would be to defray participation costs and reward improvement, while avoiding incentives which might encourage youths to drop out of school in order to get into the program.

Compensation will be paid for work performed by participating youth of any age. The existing wage provisions in section 442 of CETA, and the anti-substitution and labor consultation provisions of section 443 of the current law will not be changed.

FRAMEWORK OF THE LEGISLATION

The new legislation would consolidate the existing subparts of title IV–A and revise title IV–C of CETA. The three existing subparts would be replaced by the following new subparts differentiated by the extent of local and Federal responsibilities.

ALLOCATIONS FOR BASIC PROGRAMS

The first subpart would provide general purpose basic grants to prime sponsors. These grants would constiute 59 percent of the total program funds.

Three-fourths of this amount would be distributed as general allocations among all prime sponsors according to the current YETP formula.

Equal chance supplements, constituting one-forth of the basic grant funds allocated to prime sponsors, would provide extra funds to those prime sponsors with very large concentrations of disadvantaged youth, for the purpose of providing intensive programs and services in distressed areas. These grants are an essential feature of our proposal. It is very clear that additional resources are needed to give an equal chance to youths who live in areas where concentrated problems of unemployment, poverty and social disorder pose multiple employment barriers. A highly-targeted formula has been developed for these supplementary allocations.

The legislation would also continue the existing law's set-asides of funds to Governors for special Statewide youth services (5 percent) and to programs for Native American youth (2 percent) and eligible youths in migrant and seasonal farmworker families (2 percent).

PROGRAM DESIGN

Both the generally distributed allocations to prime sponsors and Equal Chance Supplements would be available for use as general purpose basic grants. A wide variety of services, such as those currently available under YEDPA would be authorized. The intent is to authorize prime sponsors to provide the array of services needed to give each participant the skills needed to get and keep a job. Emphasis would be placed on efforts to overcome sex-stereotyping and on career development for nontraditional occupations and on efforts to assist the handicapped.

Prime sponsors would be required to develop well-designed and well-supervised programs focused upon the achievement of basic and occupational skills needed for and leading to employment in the regular economy. The object is to support programs of the caliber of Job Corps that will serve youth in nonresidential settings.

The overall program funded with the basic grant would center on out-of-school youths, including those beyond high school age or dropouts of high school age. Services for eligible in-school youth would be worked out in cooperation with local education agencies (LEA's) and would include exposure to labor market and career information as well as work experience carefully coordinated with educational activities. Prime sponsors would support work experience and related services but not basic education in the schools or local educational agencies with funds under this Part. Prime sponsors' programs operated through community-based organizations, and other alternative arrangements could be used for educational programs leading toward a high school or equivalency diploma. Programs may be operated by postsecondary institutions, but funds may not be spent for courses leading toward a postsecondary degree. Prime sponsors whose jurisdictions include target schools funded under the Youth Education and Trainning Act legislation will make adequate part-time work experience opportunities available for youth to support programs under that Act in those schools pursuant to an agreement with the local educational agency.

Services for eligible out-of-school youth, including dropouts, would emphasize development of basic reading, writing, and arithmetic skills for those who need them, supported with employment opportunities and work experience. Training would be developed in cooperation with local educational agencies and private industry councils to assure its usefulness to employers so that as many as possible of the work opportunities are located in the private sector.

PERFORMANCE STANDARDS

The Secretary would establish performance standards for prime sponsors. In addition, prime sponsors would be required to assure strict accountability and performance standards designed to monitor their service deliverers carefully. Individual achievement records would be kept for each youth to continuously document the participation and progress of youths throughout their period of enrollment. These records would be available as a job reference for any youth wishing to use it for that purpose. Records would be released to non-program personnel only with the consent of such youth.

Benchmarks of achievement will be locally developed by prime sponsors, in consultation with local educational agencies, private industry councils, youth opportunity councils, prime sponsor planning councils, labor organizations, and other appropriate community organizations. Consistent with basic criteria issued by the Secretary, benchmarks will be developed in the areas of basic employability skills, work maturity (such as reliable attendance on the job), basic educational skills (such as reading, writing, arithmetic and speaking), and occupational competencies. Benchmarks would be designed to utilize achievement of minimum standards, such as returning to school, completion of a GED, etc.

Prime sponsor performance standards will be based on program outcomes such as job placement, job quality, job retention, and return to school, as well as on program management criteria.

INCENTIVE GRANTS

A major emphasis of the legislation will be to provide workable incentives for prime sponsors to improve program quality and focus program resources on nationally set priorities. Twenty-two percent of program funds would be allocated to two types of incentive grants. The first is:

Special purpose incentive grants.—The Secretary of Labor would make Special Purpose Incentive Grants to prime sponsors, Governors, and Native American and migrant grantees for programs and projects designed to assist in meeting special national objectives. Such purposes may be types of projects (e.g., weatherization); programs focused upon groups needing special services (e.g., youths with special needs, pregnant teenagers and young mothers, youths with language barriers, offenders and institutionalized populations); and special arrangements for the delivery of services (e.g., through the private sector, community based organizations, community development corporations, and other intermediaries). Sponsors would be required to commit a matching percentage from other resources for these programs.

There would be no specific statutory formula for allocating these funds. However, the Secretary would provide Special Purpose Incentive Grants for various special purpose objectives on the basis of appropriate factors, such as drop-outs, high incidence of poverty, unemployment, sudden loss of employment in industry or agriculture, etc. Funds would be granted based upon an acceptable program design. Only sponsors with satisfactory past performance in this and similar CETA programs would be eligible for Special Purpose Incentive Grants. Incentive grants would not entail permanent funding—priorities may change, and renewal of funding would be conditioned on acceptable performance and attainment of agreed upon goals for special programs as well as on availability of funds.

The second type of incentive grant would be:

Education cooperation incentive grants.—The Secretary would make Education Cooperation Incentive Grants available to prime sponsors to carry out programs developed on a cooperative basis with local educational agencies.

Grants would be available to prime sponsors to cover part of the costs of programs to be carried out pursuant to agreements with a local educational agency or agencies. The remaining costs would be funded out of general purpose basic grants, Title II–B, other CETA program funds or other funds and would be coordinated with commensurate resources provided by the local educational agency to insure integrated programs linking employment activities to education. These funds can be used to support work experience or other employment related services for youths in the target schools funded under the companion education legislation. A second activity would be support for alternative education programs to attract dropouts back to school. As in the case of the basic grants, these funds would be used for work experience and related activities, but not basic education in the schools of any local educational agency. Programs operated by community-based organizations, vocational schools, and through alternative arrangements may include educational programs leading toward a GED or high school diploma.

The Secretary would initially announce the funds available for Education Cooperation Incentive Grants sufficiently in advance of the beginning of each fiscal year to enable joint CETA-education planning to take place. Initial apportionments would be made based on the same formula as is used for basic grants, and in the same proportions (three-fourths YETP formula, one-fourth highly-targeted formula).

SECRETARY'S DISCRETIONARY PROGRAM

The third part of the title would make ten percent of program funds of $150 million, whichever is less, available for use in the Secretary's discretion for such purposes as staff training and development; interagency programs; large-scale projects; arrangements with community-based and neighborhood organizations, private sector intermediaries, labor-related organizations, and local non-profit corporations; and knowledge development and dissemination.

ADVISORY COUNCILS AND REVIEW COMMITTEES

A final, important element of coordination is the establishment of advisory and review committees. Title IV now requires each prime sponsor to have a youth council under the prime sponsor's planning council. The new legislation would require prime sponsors to establish a youth opportunity council which would assist in the development of youth program plans. If the prime sponsor enters into an agreement with the local education agency, the Youth Education and Training Act in complementary fashion, provides that the CETA Youth Opportunities Council can also serve as the review council for basic skills grants. In this case, one-third of the members would be named by the prime sponsor, one-third by local education agencies, and one-third by the private industry council. Adequate representation on the youth council of program eligible youths must be assured.

CETA Title V would be amended to provide that the National Commission on Employment Policy establish a committee on youth to consider the problems caused by youth unemployment, and to help the Commission advise the Secretary, the President, and the Congress on the effectiveness and quality of training and employment policies and programs affecting youths, and to make recommendations to enhance interagency coordination of youth programs.

TRANSITIONAL PROVISIONS

Finally the youth legislation would provide for a phased transition, authorizing the Secretary to permit prime sponsors to continue existing local CETA youth programs started under subparts 2 and 3 of the current title IV—A through fiscal year 1981, as they move ahead upon enactment with planning and organization so that new programs can be started in fiscal year 1981 and become fully operational in fiscal year 1982.

CONCLUSION

In closing I would like to stress that the program we are proposing is not only a humane and equitable approach to solving a serious societal problem, it makes sense in simple economic terms as well.

What we are talking about is making an investment in people whose skills we are going to need over the next decade. We must act now to make sure that the demand for skilled workers will be met in a way which helps address the problems of excessive youth unemployment. The coordinated education and employment approach we are proposing can help make this happen and in so doing provide important long-range economic and social benefits to all Americans.

That concludes my prepared testimony. I will be glad to answer any questions of the Subcommittee.

STATEMENT OF HON. RAY MARSHALL, SECRETARY OF LABOR, U.S. DEPARTMENT OF LABOR, ACCOMPANIED BY ERNEST GREEN, ASSISTANT SECRETARY OF LABOR FOR EMPLOYMENT AND TRAINING; RICHARD E. JOHNSON, ACTING ADMINISTRATOR, OFFICE OF POLICY EVALUATION AND RESEARCH, EMPLOYMENT AND TRAINING ADMINISTRATION; DARLA WHITE, OFFICE OF LEGISLATION AND INTERGOVERNMENTAL RELATIONS

Secretary MARSHALL. Yes, sir. Thank you, Mr. Chairman. I am accompanied by Mr. Ernest Green on my right, Assistant Secretary of Labor for Employment and Training; Richard Johnson, on my immediate left, who is the Acting Administrator of the Office of Policy, Evaluation and Research in the Employment and Training Administration; and Darla White, who is from the Office of Legislation and Intergovernmental Relations.

Mr. Chairman, I would like to summarize my statement, since it will be put in the record, if that is acceptable with you.

Mr. HAWKINS. Without objection, so ordered.

Secretary MARSHALL. I think it is important to emphasize that the problem we are dealing with is one of the most important domestic problems that we face, and it is one of the most important domestic problems that many of the industrialized countries of the world face.

In our situation, we know that about half of all the unemployed people are under 24 years of age, and that young people who suffer severe employment disadvantages at an early stage tend to be permanently disadvantaged in the labor market. It has therefore been one of the high priorities of the Carter administration to deal with the problem of youth unemployment and employment. You recall, Mr. Chairman, when we came in, we worked with the Congress to pass the Youth Employment and Demonstration Projects Act of 1977, which was the first time in our history that we had a comprehensive youth employment act.

The basic strategy that we developed at that time was to take those programs with demonstrated effectiveness and expand them as fast as we reasonably could do so, and then to learn as much as we could about some of the problems that we did not understand fully, through demonstration projects. We have done that. An example of the kind of program that had demonstrated its effectiveness was the Job Corps and we moved—and are in the process—of doubling the size of the Job Corps for that reason.

We have established a number of demonstration projects that have already provided a lot of information that forms the basis for our proproposals here today for the expansion of the youth employment and training programs.

Let me review very quickly some of the main findings that we have had from our detailed study of the youth problems as a part of YEDPA, as well as other activities.

The first one of those findings is that there tends to be a natural pattern of entry into the labor market for most young people 14 to 21 years of age. That pattern is a process of short-term jobs, experimentation, some on-the-job training and, finally, entry into the mainstream of the American labor market.

But for many young people that does not happen. A minority of young people who have severe disadvantages—and these are frequently multiple disadvantages—that cause them to be disadvantaged at an early date and not to be able to get into the mainstream.

We propose to target our resources primarily on this latter group, that is, the people who have the most severe disadvantages.

Another finding from the work that we have done so far is that the CETA program has worked, it has been effective in increasing employment and reducing unemployment for disadvantaged people. We moved on a number of fronts, Mr. Chairman, with your help, to improve the operation of the whole program.

One was that we dealt with the long-standing problems of the summer youth employment program. I think through the work that we have done, we have tackled and substantially solved the problems associated with this program.

I think it is significant, also, that we had the Youth Employment and Demonstration Projects Act fully underway within 6 months of the time the President signed the bill in August of 1977. The program has served over three-quarters of a million young people since its inception. I might point out, that is less than half of the total number of young people served by the CETA system because youths obviously participate in other titles of CETA, particularly title II. Altogether, there are about 2 million young people at any time during the year who are in the CETA programs.

These programs have, since 1978, been especially targeted to people most in need. Eighty percent of all the participants during this time have been disadvantaged; 40 percent of the participants in the YEDPA program have been minorities.

We think that you can demonstrate with the statistics that the program has worked to reduce youth unemployment and to increase youth employment. In fact, one-fourth of all the growth in employment for teenagers in the country, since 1977, has been in the CETA system. Virtually all of the growth in black teenage employment since December 1977, has been in the CETA system.

We have done some special evaluations of participation through our continuous longitudinal studies, and we have found that between January 1978 and the spring of 1979 in all of CETA there were about 2½ million young people. This represents 6.9 percent of all young people in their age category; 17.4 percent blacks, 12.2 percent Hispanics, and 4.8 percent whites.

We think that this program has therefore demonstrated that we can both expand the employment of young people and reduce their unemployment.

Another lesson that we have learned from this experience, Mr. Chairman, is that first, from studying the program content and structure, that the system is too complicated the way it is now. We believe, therefore, that it is important to consolidate the programs and to streamline the system and reduce paperwork. This is one of the main complaints that we got from people who are involved in the system; that is, the prime sponsors and others.

Another lesson is that youth employment policy should reflect the developmental needs of youths, and that these needs are diverse for different groups of young people. One of the findings from all of our work was that a major disadvantage of young people has been in basic education. Many of them, even though they had been through the school system or participated in the school system for a number of years, were not functionally literate. One of the complaints from employers was that we needed to give much greater emphasis to basic education.

Another conclusion was that the system was not disciplined enough, or was not formal enough, to make it possible for employers and others to know what had happened to young people while they were in the program. We therefore believe that it is important to develop local benchmarks and performance measures to certify to employers the achievements of young people.

Program records should document preemployment experience; employability development; educational attainment, and vocational competence.

We have learned that sometimes we do not do enough for the severely disadvantaged young people who are in the program, and that therefore intensive efforts need to be made for older, out-of-school youths, and that these intensive efforts have been most effective and should be emphasized in our new initiatives.

A related finding was that the most effective treatment of young people in the program was a combination of education, classroom work, and on-the-job training. We think that, in order to be effective, Federal employment and training programs must reflect workplace realities in their demands and rewards. Increased emphasis is needed on performance requirements for program operators to make sure that Federal dollars are buying high-quality services which meet current labor market needs and realities.

We think that greater flexibility is needed at the local level. National prorities should be achieved through incentives. Incentive funding can be provided through special activities, such as weatherization, or for categories of youths with special needs, such as the handicapped, or for programs operated by special types of service deliverers, such as private for-profit organizations.

We also found that the problems of excessive youth unemployment are highly concentrated, both geographically and among certain groups of citizens. We found, for example, that during 1977 one-half of the black males between the ages of 16 and 19 did not work even 1 week. Our proposal would attempt to reach 20 to 25 percent of nonworking black teenagers.

Resources must be carefully targeted on communities and population groups with the greatest needs, such as dropouts, minorities, youth from poor families, and youths with handicaps or other special problems.

Finally, addressing problems of youth unemployment requires sustained planning and program linkages among the private sector, schools, the CETA system, community-based and voluntary organizations, parents, and concerned citizens. We believe that this must be done at the local level in order to break down the fragmentation and segmentation that we have had between these groups. Especially, we think, it is important to improve the linkages between schools and work; and the particular component of the employment and training system that needs to be more closely related to the schools is our private sector initiative.

Let me next look at the framework of our proposed legislation, Mr. Chairman. This new legislation would consolidate the existing subparts of title IV-A and revised title IV-C of CETA. The three existing subparts would be replaced by the following new subparts, differentiated by the extent of local and Federal responsibilities.

The first subpart would provide general purpose, basic grants to prime sponsors. These grants would constitute 59 percent of the total program funds. Three-fourths of that amount, that is three-fourths of that 59 percent, would be distributed as general allocations among all prime sponsors, according to the current YETP formula. Equal chance supplements, constituting one-fourth of the basic grant funds allocated to prime sponsors would provide extra funds to those prime sponsors with very large concentrations of disadvantaged youths, for the purpose of providing intensive programs and services in distressed areas.

These grants are an essential feature of our proposal. It is very clear that additional resources are needed to give an equal chance to youths who live in areas where concentrated problems of unemployment, poverty, and social disorder pose multiple employment barriers.

A highly targeted formula has been developed for these supplementary allocations. The legislation would also continue the existing laws, set-asides of funds for Governors for special statewide youth services, 5 percent; and to programs for native American youth, 2 percent, and eligible youths in migrant and seasonal farmworker families.

Both the generally distributed allocations to prime sponsors and the equal chance supplements would be available for use as general purpose basic grants. A wide variety of services, such as those currently available under the YEDPA would be authorized. The intent is to authorize prime sponsors to provide the array of services neeeded to give each participant the skills needed to get an keep a job. Emphasis should be placed on efforts to overcome sex stereotyping and on career development for nontraditional occupations, and on efforts to assist the handicapped.

Prime sponsors would be required to develop programs focused upon the achievement of basic and occupational skills needed for and leading to employment in the regular economy. The object is to support programs of the caliber of Job Corps that will serve youth in a nonresidential setting.

The overall program funded with the basic grant would center on out-of-school youths, including those beyond high school age or dropouts of high school age. Services for eligible inschool youths would be worked out in cooperation with the local education agencies and would include exposure to labor market and career education as well as work experience carefully coordinated with educational activities. Prime sponsors would support work experience and related services, but not basic education in the schools, or local educational agencies with funds under this part.

Prime sponsors' programs operated through community-based organizations, and other alternative arrangements could be used for educational programs leading toward a high school or equivalency diploma. Programs may be operated by postsecondary institutions, but funds may not be spent for courses leading toward a postsecondary degree.

Services for eligible out-of-school youth, including dropouts, would emphasize development of basic reading, writing, and arithmetic skills for those who need them, supported with employment opportunities and work experience. Training would be developed in cooperation with local education agencies and private industry councils to assure its usefulness to employers so that as many as possible of the work opportunities are located in the private sector.

The Secretary of Labor would establish performance standards for prime sponsors. In addition, prime sponsors would be required to assure strict accountability and performance standards designed to monitor their service deliverers carefully. Individual achievement records would be kept for each youth to continuously document the participation and progress of young people throughout their period of enrollment. Such a record would be available as a job reference for any youth wishing to use it for that purpose. Records would be released to non-program personnel only with the consent of such youth.

Benchmarks of achievement will be locally developed by prime sponsors, in consultation with local educational agencies, private industry councils, youth opportunity councils, prime sponsor planning councils, labor organizations, and other appropriate community organizations. Consistent with basic criteria issued by the Secretary of Labor, benchmarks will be developed in the areas of basic employability skills, work maturity—such as reliable attendance on the job; basic education skills—such as reading, writing, arithmetic, and speaking; and occupational competencies. Benchmarks would be designed to utilize achievement of minimum standards, such as returning to school, completion of a GED, and so forth.

Prime sponsor performance standards will be based on program outcomes such as job placement, job quality, job retention, and return to school, as well as program management criteria.

A major emphasis of the legislation will be to provide workable incentives for prime sponsors to improve program quality and focus program resources on nationally set priorities. Twenty-two percent of program funds would be allocated to two types of incentive grants. The first is a special purpose incentive grant.

Special purpose incentive grants are designed to make it possible for prime sponsors, Governors, and Native American and migrant grantees to assist in meeting special national objectives. Such a national objective might be weatherization, or to reach particular groups such as young people with special needs, pregnant teenagers and young mothers, youths with language barriers, offenders, and institutionalized populations.

The second type of incentive grant would be an educational cooperation incentive grant. The Secretary of Labor would make education cooperation incentive grants available to prime sponsors to carry out programs developed on a cooperative basis with local education agencies. Grants would be available to prime sponsors to cover part of the cost for programs to be carried out pursuant to agreements with these local education agencies.

The third part of the title would be to make 10 percent of program funds, or $150 million—whichever is less—available for use in the Secretary's discretion for purposes such as staff training and development; interagency programs; large-scale projects; arrangements with community-based and neighborhood organizations; private sector intermediaries, and labor-related organizations, and local nonprofit organizations, as well as knowledge development and dissemination.

In closing, Mr. Chairman, I would like to stress that the program we are proposing is not only a humane and equitable approach to solving societal problems, it makes sense in simple economic terms as well.

What we are talking about is making an investment in people whose skills we are going to need over the next decade. We must act now to make sure that the demand for skilled workers will be met in a way that helps address the problems of excessive youth unemployment. The coordinated education and employment approach we are proposing can help make this happen and in so doing provide important long-range economic and social benefits to all Americans.

That concludes my testimony, Mr. Chairman. I will be glad to try to answer your questions.

Mr. **Hawkins**. Thank you, Mr. Secretary.

First, let me direct several questions to you of a general nature. This committee has had under review since 1978 a series of youth proposals, including H.R. 4465, H.R. 4534, H.R. 5876, H.R. 6208, and in the last several weeks the administration's proposal, H.R. 6711. We have conducted a series of hearings across the country—in addition to a number of hearings here in Washington. We have listened to hundreds of individuals who have had ideas about what should be done, and as a result of that we have attempted to incorporate many of these ideas into these proposals, including one by Mr. Weiss, one by Mr. Jeffords, and one by the chairman.

With respect to the other proposals, may I ask whether or not the Department has had an opportunity to analyze and to have a position on any of the other proposals?

Secretary **Marshall**. Mr. Chairman, we have looked at all the other proposals, in fact learned from them, and incorporated some of the provisions in these other proposals in our own. We would be glad to work with the committee to include others, as you think appropriate.

Mr. **Hawkins**. Then I assume from that answer, you do not reject the possibility of attempting to work out a proposal which may be satisfactory, that would incorporate the best features of the various proposals?

Secretary **Marshall**. I would not be opposed to that at all.

Mr. **Hawkins**. Next, in light of the projected budget cuts, does the administration still support enactment of the youth initiatives this year?

Secretary **Marshall**. Yes sir, we do.

Mr. **Hawkins**. In connection with the other programs which may fit into the general picture, that is, keeping in mind that in CETA itself under various titles there currently exist opportunities for youths to participate, specifically, title II; to some extent title VI, and again in the private sector title, title VII. It is contemplated that any cuts will be made in these other programs which may impact on youth at a time when we are providing additional jobs under the new proposal? Also, I should have thrown into this question whether or not under the welfare reform proposal any of the jobs that are being programed for the welfare jobs, part of the welfare package, whether or not any of the jobs that ordinarily youths may occupy will be used in that proposal.

In other words, are we in any way juggling job opportunities in such a way that we will end up with a net loss, rather than a gain?

Secretary **Marshall**. Let me say that I am not juggling. I do not think we are juggling so that we will have a net loss. I think we will have a net gain from these programs.

The decisions about most of the cuts in the CETA program have not been made by the administration yet. I do know that decisions have been made about some of them, one being to go forward with the youth initiative. I also know that there will be no cut in the summer youth program, and that there will be no cut in Job Corps. But the other programs are still under review.

I think the youth employment problem is so important that I intend to do everything I can to see that we come out with a net gain in the number of job and training positions for young people.

Mr. **Jeffords.** What was the first one that you mentioned, that there would be no cut in?

Secretary **Marshall.** The summer youth program, SYEP, the summer youth employment program.

Mr. **Jeffords.** You mentioned one before that.

Secretary **Marshall.** The Job Corps.

Mr. **Jeffords.** The third one?

Secretary **Marshall.** The youth initiative, the one that we have here; the new proposal that we have here.

Mr. **Jeffords.** That will be included in the President's budget?

Secretary **Marshall.** Yes.

Mr. **Hawkins.** Well, in connection with that, you mentioned the Job Corps specifically. The goal was to double this. Will you continue your efforts to reach that goal of doubling that?

Secretary **Marshall.** We are continuing that, yes, sir.

Mr. **Hawkins.** In a slightly different vein now, we have indicated, or you have indicated, that we participated cooperatively in passing in 1977 the Youth Employment and Demonstration Projects Act. These programs, consisting of a number of demonstrations, are now in the process of being concluded. Some of the evaluations are in. Some of the evaluations, at least as far as the committee is concerned, have not yet filtered through to us.

Do you think it wise to deviate at this particular juncture to establish a new program, rather than to build on specifically what we now have? In other words, to continue and expand those successful programs that already evaluations have been made on, rather than changing, in a sense, the rules of the game at this particular time, losing the planning and the forecasting, and the work that would go into continuing these programs at such a critical point when youth may be losing jobs in the next 6 or 8 months, for a program that will not be operative until 1982.

Is it, in your considered opinion, wise to do this, and would you totally reject the idea, let us say, of this continuation of the existing programs, pending the time that we can cooperatively work on, possibly, a new proposal which could be certainly put into operation not later than the proposed time for the President's initiative proposal and maybe even sooner?

Secretary **Marshall.** I think we in the first place have built very carefully on the programs we already have, both the youth employment demonstration projects experience, as well as the experience in other parts of CETA.

I believe that the proposed changes that we have here are ones that are fully supported by all of the evidence that we already have, and will make it possible for us to improve the operation of the whole system.

There is sufficient flexibility in what we propose here, I think, to accommodate the changes that are likely to be contemplated. I believe, also, it is important to go ahead and do it because one of the problems that we have with these kinds of programs is being able to anticipate the changes and let the prime sponsors and the people who are going to be involved in the system have as much advance certainty as we can give them.

I think if we went ahead and passed the program and got it started, we would build a good foundation in the next fiscal year toward the program being fully impemented in the following fiscal year.

Mr. **Hawkins**. Most of the grantees that have been heard from by this subcommittee have indicated that at this time they really do not know what to expect, that they are now in the process of trying to gear up. As to whether or not they should gear up for the continuation of current programs—obviously, they must go ahead to plan on those because they happen to be authorized by a law, whereas this committee—and I suppose it is publicly known—knows that a new proposal is being considered.

Now, they are therefore placed in that uncertainty and they are concerned that cuts may extend to them, whether the administration is proposing the cuts or cuts being advocated in the Congress itself. We have a list of cuts which are already to be included in the first budget resolution constraints, including a practical elimination in 1981 of the youth education employment initiative that we are discussing.

In addition to that, the elimination of the WIN-CETA overlap, that is at least a reduction, a reduction in countercyclical jobs under CETA; the elimination of the Youth Conservation Corps, and also the Young Adult Conservation Corps.

Now, all of these ideas are floating around and give credence to the fear that programs will be cut back.

Secretary **Marshall**. I think that is right, Mr. Chairman. It is one of the unfortunate parts of the process we go through. It makes it very difficult for the prime sponsors to plan and have well-managed programs. The remarkable thing to me is that they do as well as they do with all of the uncertainties we create for them every year. Every year that I have been here, we have always had uncertainty about how much we were going to have, or whether we were going to have a program. I think that is unfortunate.

I think the faster we can make these budget decisions, and the faster we can make appropriations decisions, the better it will be for the system, just in terms of being able to gear up and manage it. That is one of the reasons, I think, it would be useful for us to go ahead and pass this proposal, so that the system will be able to anticipate it, and that by the time we get into fiscal 1981 and then into fiscal 1982, they will know, they will have more certainty about what the program will be.

Mr. **Hawkins**. Mr. Secretary, let me take this opportunity to ask a question which is related to, but not directly, the subject. That is the wage provision in the CETA program. The committee has had tremendous testimony, and none to the contrary, that the current wage provision in CETA is such that it is restricting the program; that it is very difficult at best, in order to meet that provision.

This subcommittee had advocated a higher provision. At the time, I believe, the administration supported the provision at $7,800. Unfortunately, it was reduced. I think the testimony is overwhelming that if the current wage provision continues, that it is a serious barrier to primes being able to conduct the program.

Now, this committee has under consideration some suggestions to change that wage provision. Could I ask, what is the current position of the Department with respect to making some change in the wage provision by statute?

Secretary MARSHALL. We have talked with a lot of people, as well as accumulated as much evidence as we could about the effects of the wages. I hear the same complaints you do, as we move around the country.

We are not clear yet in our own minds what the effect has been. We are analyzing the results very carefully, but we have not come to a conclusion about how much that handicap related to the other problems the system has had since we put it through significant transition with the 1978 reauthorization. I think the place we are now is having kind of a shakedown. It is clear that wage would not have worked the way the old system was. But it has had the effect of causing the program to be much more highly targeted. That, as you recall, was one of the things that we tried to do.

I think we would have been better off if we had gotten our proposal to start with, that is, the $7,800 because it would have given us more flexibility. But we have not yet come to a conclusion about the effect of the wage rate.

Mr. HAWKINS. Are you saying you do not at this time approve, or could I state it negatively, would you oppose a change at this time?

Secretary MARSHALL. I think that is the thing we need to look at with you. We have no position on that now.

Mr. HAWKINS. Just one final comment from the Chair. That is, since 1977—really before that, but specifically since 1977—I have personally been concerned with the unemployment rate of youth, and I think I have shared my concerns with you. I want to commend you and the efforts of the Department on the great progress that has been made in the employment of youth, and I think you specifically tried that with the CETA program. I think that is to its credit.

However, we are now beginning to cut back on CETA and probably the excellent record that was made in the earlier years cannot again be duplicated because of proposed reductions, some of which have been made by the administration.

But looking on the other side, the unemployment side, I have also kept up carefully with the unemployment rate. Beginning in 1978, and throughout 1979, and currently, in this quarter, the rate has ranged in the 16-percent unemployment rate range. It has been 16.5, 16.2. One time, I think, it dropped to 15.9, but that was very unusual. Roughly, over the period of time if it was averaged, we would say that it has never really gone below 16 percent, and it still is at 16 percent, which seems to me an unacceptable rate. If we can anticipate that current movements to get us into a recession, or at least to keep zero growth in the economy, before the end of the year, if we take the administration's projection of 7.4 percent unemployment, then we can look forward to by the end of the year almost 1½ million more unemployed persons. I think any reasonable assumption would be that on a conservative basis 500,000 of those would be young people.

Now, in view of that situation, it seems to me it is a very bleak outlook for youth, and that even the initiative being proposed by the administration falls far short of actually addressing the need and doing something about what has been termed a very explosive and critical problem in the evidence presented to this committee.

I wonder whether you wish to comment on whether or not there is a possibility that we can change this outlook—not in dealing in general statements, but rather addressing it more specifically and doing a lot more than we are now planning to do.

Secretary MARSHALL. I think if we can adopt this proposal, that we will significantly improve the outlook for young people. We will increase participation in our programs from about 2 million now to about 2½ million. That can make a significant impact on the magnitude of the problem.

Let me also say that it is very difficult these days to make projections on employment and unemployment because our economy is going through such a transformation as we adjust to the higher energy prices, that old forecasting techniques are not very useful for us. What has happened, for example, is that during the period, particularly since 1973–74, there has been an increasing tendency for people to substitute labor for energy, as energy prices have risen.

During last year, the net labor force gain was about 2 million people, and we estimate that between 750,000 and 1 million of that was substituting labor for energy.

I think that is one of the reasons the economists have been wrong throughout this cycle that we are in now, in the forecast on unemployment. That is not the only reason, but I think it is an important reason. I think another important reason that they have been wrong is that almost all of the economists who make the forecasts tend to ignore the employment effects of our employment training programs of the CETA system. I am convinced from all the evidence I have available that we have reduced unemployment.

The problem that you have, of course, is that it is hard to concentrate just on the unemployment rate because we have caused employment to grow more than we have reduced unemployment, as we have added over 9.4 million jobs in the economy in the last 3 years. Now, by adding that many jobs, we reduced the overall unemployment rate by about 2 points. If it had been 1 for 1, you would have reduced it by 9 points. But obviously, the work force was growing as well as a reduction in unemployment.

Now, with the youngsters that we are targeting this proposal to, the changes have been even more dramatic. That is that the unemployment rate the summer that we launched the Youth Employment Demonstration Projects Act for minority youngsters was about 43 percent, that summer. Within about 18 months, we had reduced it to about 30 percent as a result of the build-up of the program. It has fluctuated between 30 and 35 since that time.

Now, the employment picture was quite different in the 5 years before the Youth Employment Demonstration Projects Act went into effect. Black male youth employment actually declined by 14 percent, while all the other rates were either constant or rising.

In the first 18 months, total black youth employment expanded by 34 percent. So, that was just completely turned around. I think that anybody who looks at the evidence has to conclude that regardless of what we say about the effect of reducing the unemployment rate, that there is no question at all about the expansion in employment and the narrowing of the gap between the black and white labor force participation rates.

Now, I think it is important for us to continue that. Whatever is happening in the overall economy, the evidence so far indicates that most of the increase in unemployment is not among minorities and not among the disadvantaged. In fact, most of the unemployment that we have experienced so far, the increase in unemployment, has been in the automobile industry. It has been among relatively highly skilled workers. It is related directly to the unique problems that industry faces.

So, I believe in the first place, Mr. Chairman, that nobody can really tell us what is going to happen to overall unemployment. I am trained in the mysteries of economics and I know that when it comes to forecasting there are only two kinds of economists. There are those who do not know, and there are those who do not know they do not know.

[Laughter.]

Secretary **Marshall.** I know I do not know. I know that the other people who are looking at it because of the ferment also have trouble making those forecasts. But I think it is important during this time for us to continue to build the system that will deal with unemployment problems of the most severely disadvantaged people in our society.

I believe that by targeting those resources much more on them, that we can do a lot to deal with that problem. For example, because of our targeting we have been able to concentrate a much higher proportion and a much larger absolute amount of our resources on the severely disadvantaged than we ever did before. We estimate that in 1976, before our program started, about $2.2 billion were spent on employment training programs, Federal dollars, for the disadvantaged. We now spend over $9 billion on the employment training program of the disadvantaged.

I believe that we can continue and must continue to concentrate our resources on those who really need them most.

Mr. **Hawkins.** Certainly, the Chair is not going to share your optimism that structural programs are going to overcome the ill effects of inadequate monetary and fiscal policy.

Secretary **Marshall.** I would not argue that, but I am saying that what you have to do with these programs is go ahead and do the best you can, within whatever framework gets established by the monetary fiscal policy.

Mr. **Hawkins.** We will attempt to do that, but I hope that someone within the administration attempts to talk to Mr. Volcker and to Mr. Miller because, as the inflation rate goes up, the interest rates go up and unemployment is built into the economy. I do not think we are so naive as to believe that if 1.5 million persons are going to be unemployed, or might possibly be unemployed by this year, that those who depend on structural programs in some way are going to be enhanced, are going to be better off.

Secretary Marshall. No: I do not think they will necessarily be better off.

Mr. **Hawkins**. We hope that your optimism is justified, and we will certainly consult with you from time to time to be encouraged.

Mr. Jeffords?

Mr. **Jeffords**. Thank you, Mr. Chairman.

First of all, I am somewhat known for my candor and I just want to push a little hard on the question of money here. To be frank and honest with you, I know the President has proposed this as his primary domestic program and he has to stick with it. And yet, I get rumblings from behind the scenes that this will be done on the surface so the President does not have to be embarrassed by removing it as being his initiative, but that it is going to be unfunded, and that the Budget Committee or somebody will get the blame for it; but the administration really is not going to fight very hard for it, and that we will be spending a lot of hours in this committee working on a program which really no one is going to fight for.

I guess I need a little reassurance before I burn any more midnight oil that we are going to be doing something which is going to have the full force of the administration behind it, to push it.

Secretary **Marshall**. It will have the full force of the administration behind it.

Mr. **Jeffords**. So, you will be letting the Budget Committees know that you are very seriously concerned about their cuts in that area?

Secretary **Marshall**. Yes.

Mr. **Jeffords**. Thank you.

Now, I am also concerned—I believe I heard you right—what do you anticipate in increase in service years for youth from the President's recommendations?

Secretary **Marshall**. Let me get Mr. Johnson to outline it; he has the numbers here.

Mr. **Johnson**. We expect an increase in fiscal 1981 of 40,000 service years and an additional 217,000 persons served.

Mr. **Jeffords**. A 40,000 increase?

Mr. **Johnson**. Yes; in service years.

Mr. **Jeffords**. Service years, all right. Now, one thing really concerns me. You seem to be zeroing out the youth incentive program. It seems that is one program that has been worked on and a lot of us who followed it found that it seemed to have a great deal of potential. At the time that program is coming to a conclusion, at the time we are supposed to get findings as to its effectiveness, everybody comes in before our committee and says what a great program it is. I have seen them and they appear to be working well, and yet, they seem to be zeroing it out of the budget. It is not at all mentioned in your statement. Why?

Secretary **Marshall**. Well, the main thing that we are trying to do with these programs is to consolidate the three basic programs that were in the Youth Employment Demonstration Projects Act, mainly to simplify it.

The evidence that we got suggests that the entitlement programs are doing well. We have not finished the assessment yet. The program that we have available would make it possible for the prime sponsors to continue the entitlement programs if they want to do that.

Mr. **Jeffords**. But there is certainly nothing in your statement that indicates that you are looking for that.

Secretary **Marshall**. Well, the main reason for that is that we talked about the consolidation of the programs. This is one of those being consolidated.

Mr. **Jeffords**. I guess what confused me a little bit is, you have talked about consolidation, and yet, your program seems to have as many categorical grants and programs, if not more, than you are consolidating.

Secretary **Marshall**. I do not think we are categorizing. What we are trying to do is to take things that we have already studied and understand, consolidate those. Then we are moving into some new areas to accomplish some other things. The main reason to have the categories has always been to try to deal with problems that the system would not deal with.

When we went to CETA, for example, participation by young people declined, relative to the total. On-the-job training declined, relative to the total. Participation by minorities in the system declined, relative to the total.

So, we had to introduce some categorical programs to demonstrate and to achieve those national objectives of trying to get more participation. I think now it is not necessarily categorizing to say that we want you to develop benchmarks. We want you to consolidate programs, and we are going to have performance standards, both for individuals and for the program. Those are the main changes that we are proposing to make.

It is not that we are introducing categorical programs, we are trying to overcome a defect that has been observed in the present system, from what we have already learned, that is, the need to be sure that people have the basic education skills; and that you do have some way that young people can demonstrate what they have learned, so that they have that as a credential for employers when they get out of the program.

We are not telling them that they have to develop a particular program, but are saying, whatever program you have, you have to have some accountability and some benchmarks.

Mr. **Jeffords**. Now, generally on the question of evaluation, one of the things that has concerned me from discussions with the Labor Department and with programs in the field is that we have had many programs, including Job Corps, which have been in existence for years, but there has been no attempt—and I do not pick on your administration any more than on anybody else's in that sense—to really have a longitudinal study as to the effectiveness of these programs. I think there was one done some years ago in Job Corps, checking up on people more than, say 6 months after they come out of the program.

Can you tell me as to whether there has been any improvement in that situation and what you have in mind, so that we, as time goes by, will really be able to tell what programs are working, and not just get, as we do, "We feel it is a good program. We just have that feeling." That is about all we have been able to get.

Secretary **Marshall**. Well, I think we have a lot more than that. We have had detailed evaluations of Job Corps. We do now have a continuous longitudinal manpower statistical system that we have used to look at the participation of young people in the program. In fact, one of the main sources of longitudinal information about labor markets generally is the one we started in the Employment Training Administration. We have used that. Let me let Mr. Johnson speak to that, since that is one of the things he is responsible for.

Mr. JOHNSON. This is a new responsibility I am undertaking. We are also evaluating the private sector initiative program. We certainly agree with you that we can make better efforts in that regard. We will be quite willing to work with the committee.

Mr. JEFFORDS. I am a little confused, is this an initiative you are undertaking? Do you have any studies that have been conducted, or are you now presently beginning to conduct studies?

Mr. GREEN. Under the CLMS that we have had on the existing CETA participants, started in 1975. We added, once the youth program began in fiscal year 1978, a series of activities tracking youth participants. We will be getting the same data as we are beginning to get now on youth participants in the other titles of CETA through the continuous longitudinal survey.

Mr. JEFFORDS. So, am I correct in saying that you do not have any studies which you have results from?

Mr. GREEN. The continuous longitudinal survey has been in operation for two youth programs—YETP and YCCIP—for about a year and a half, 2 years. We are just beginning to get data now on the participants that have been in there.

Mr. JEFFORDS. When do you anticipate that you will have some data that will be of use to this committee?

Mr. GREEN. Well, the data are collected on a quarterly basis. We will be happy to share with the committee all the data that we have coming out of it about the participants.

Mr. JEFFORDS. Well, when is that first quarter going to end?

Mr. GREEN. At the completion of the full year, which would be the beginning of next fiscal year, approximately.

Mr. JEFFORDS. So, you will not have any data that are usable to us until 1981; is that correct?

Mr. GREEN. That is not true. We have data on the participants now. If you want to look at post earnings after completion of the program, we really will not have that until the participants leave the program.

Secretary MARSHALL. But we do have information from the longitudinal survey on people who left the program in earlier years.

Mr. JEFFORDS. Which programs, is that YEDPA, the entitlement program, is that Job Corps? What programs are we talking about?

Mr. GREEN. We have it on title II; we have it on title VI; we have it from a separate study on the Job Corps; we have it on summer participants, but on YEDPA we do not have that data yet because the participants are just leaving the program.

Mr. JEFFORDS. I would appreciate seeing any data that you have which is presently in existence, on its successes.

Secretary MARSHALL. I have a report on the characteristics for fiscal 1979 here, which I would be happy to make a part of the record. This is the report we have for fiscal 1979. We will have the report on fiscal 1980 after fiscal 1980 is over. But it also has the youth programs in it.

[Report referred to above, not received at press time.]

Mr. JEFFORDS. First of all, I would like to say that the major conclusions that are listed on pages 5 and 6 did not come as any startling revelation to me. I think those conclusions which are listed as the major findings of the studies are something that we have known about for at least 4 years, as long as I have been in Congress. I am a little disappointed in that.

There is another area that I am disappointed in, and I wanted to get your feelings on, if you have no objection. I notice there is in your bill a service signoff on the labor-money side, getting the education people to approve the prime sponsors in the education area.

At least my feeling from going around the country—and I just cite New York as an example, where they have something like a 42-percent dropout rate; of those that graduate, only half of them are felt to have accomplished an adequate education. It seems to me we have some serious deficiencies on the education side; and yet, we seem to at least feel that we have some good alternative programs, working on the labor side, which are helping people get jobs. Yet, there is no requirement in the bill that the education people have to get a signoff for their money from the people who seem to be succeeding in helping the dropouts.

I wondered first of all, why? Second, whether you have any objection to trying to get a joint signoff on all of these so that we can try and pull our educators to work more closely with and perhaps feel that they might learn something from the labor people?

Secretary **MARSHALL**. We are trying to move to a system that would promote cooperation between the local education system and the employment training system. One purpose of the incentive grant program is to do that. I think it is very important for us to get that mutual cooperation any way we can.

We think that doing it this way is better than to simply have an automatic passthrough because it does require that some agreement be reached.

Mr. **JEFFORDS**. Well, agreement on the labor money, but no agreement on the education money. Do you have any disagreement requiring a sort of mutual plan that is agreed to for both funds?

Secretary **MARSHALL**. I do not have any disagreement with that.

Let me also comment on the first part of your question, on the findings. I think some of the most important findings that you ever get in labor market activity are findings that either confirm or refute the so-called traditional wisdom in an area. While we were not terribly surprised by any of the things that we found, we think it was nevertheless terribly important to confirm it and to get some idea of the dimensions.

One surprise to us—and I have been working in this field systematically for many years—was the extent to which the problem was concentrated, and the extent to which it tends to be self-perpetuating. We think that is a terribly important finding out of the program, and therefore makes it possible for us to get confirmation of the nature of the problem.

But there are many other things that people have assumed about the problem and that you read in the media. For example, one of the reasons the young people are unemployed is because they do not want to take the jobs, and we refuted it. Now, a lot of people still believe that, but we think it is very important to make the study to indicate what works and what does not work, even though somebody like yourself who had been heavily involved in the program might not be surprised by the findings, a lot of people will be surprised. A lot of people are surprised to find, for example, that many young people have finished high school and are still illiterate, but that is nevertheless an important thing to confirm.

Mr. JEFFORDS. One last question, my time is up.

We are in a budget crunch, as you know. All the evidence is certainly overwhelming that it would be nice and desirable to be able to expand tax credits to assist in getting youths hired in private employment. Now, if it were to occur that we were unable to do that, how would you feel about the use of a subminimum wage as an alternative; and second, have any studies been done in this area of using a subminimum wage to assist in youth employment?

Secretary MARSHALL. We already have the provision for the use of the subminimum for people who are learners, full-time students, and the like. I think that is a good idea to do that, and we are trying to encourage the use of it.

I think it would not be a good idea to have a youth subminimum across the board for people, for whatever reason. I think the reason is twofold. One, that I believe in our kind of labor market that we have in this country, where you have in central cities heavy competition between adults and young people for jobs, that a youth differential would cause the substitution of adult unemployment for youth unemployment.

The second problem in many of these areas is that if the young people need work experience and training in order to be able to earn the minimum wage, then it seems to be to be much more appropriate to do what we are doing. That is, to give them work experience and training. I believe we can do a better job that way than can be done in some of the submarginal jobs that young people would get into if you had a youth subminimum. It is not necessarily the case that you would get that.

Let me have Mr. Johnson make a comment at this point.

Mr. JOHNSON. You know, the targeted job tax credit, of course, is directed at, in part, disadvantaged youths. We believe that perhaps some 80,000 people, based on our earliest information, will be receiving certifications and vouchers under the targeted jobs tax credit during the year. We are evaluating these programs to see how they work, but this is a means of reducing the burden on the employer of the cost of hiring people when they are less productive. So, this seems to us to be a better approach than subminimum wages.

Mr. JEFFORDS. I realize that. That was not my question, but that is all right, I understand your answer.

Thank you, Mr. Chairman.

Mr. HAWKINS. Mr. Weiss?

Mr. WEISS. Thank you very much, Mr. Chairman.

Mr. Secretary, I know that you are having trouble with your voice this morning and in a sense I feel guilty asking you questions that force you to use it.

Just as a general observation and for whatever comments you want to make, I have noted in some of the news reports that you obviously share the concern that many of us here have of the administration's economists' posture that the way to deal with inflation is to create a recession.

I am bothered by that because I remember 3 years ago when all the administration economists—many of them came before us—saying that is not a valid economic policy to suggest that you deal with the problems of the country by encouraging or discouraging employment or unemployment at any particular time. Mr. Schultz was saying he does not adhere to the views of the administration that you solve problems of inflation by throwing people out of jobs and creating a recession or depression.

And yet, the administration's game plan at this point is in fact to force a recession—in fact, to force people out of jobs. Today's press conference by our distinguished colleague, the chairman of the Budget Committee, is finally receiving a sympathetic response in the administration. Their release calls for a cutback on the very program which in fact would help to ease the recession that is being asked to be created. The chairman went down the list of the jobs and job-related programs that are scheduled to be cut under the proposal of Mr. Giaimo. It includes in addition to those you mentioned the welfare reform demonstration projects, which are job-related projects; unemployment benefits for former CETA employees; and reduction of 50,000 countercyclical jobs under CETA VI.

I just wonder what your thoughts are as to how in fact the programs that you have been working for, and asking this committee to work for, can be rationalized in the context of the direction of the administration, with the apparent enthusiastic support from strong elements within the Congress.

Secretary MARSHALL. Well, I think that the administration fully supports the recommendations that I am making here, the youth program especially. We do intend to continue a sizable public employment and training system that will deal with the problems of the disadvantaged.

I do not believe that we have a game plan to create a recession in order to deal with the problem of inflation. I do not think anybody really believes that if that is all you did, that was a very efficient way to deal with the problem of inflation.

Mr. WEISS. I am not saying that is all, but it is part of their game plan.

Secretary MARSHALL. There is a difference, I think, between saying that you will not do everything possible to prevent unemployment from going up because of the adjustments that are being made in the economy, mainly because of energy price increases; and saying that we will deliberately create unemployment in order to deal with the problem of inflation.

Our posture, I think, is much more the former. If you take the case of what we experienced now because of the energy price problems, the automobile industry has experienced considerable unemployment. It is the main industry that has been impacted so far. The other one that might have been impacted is residential construction. However, commercial and industrial construction is still booming because of all of the things we have done to meet the useful needs of the country in energy as well as in transportation, water projects, and pollution controls. It has kept the construction industry in relatively good shape around the country.

Now, my view is that what you ought to do is try to fit the program to the nature of the problem. We will not deal very effectively with the rising unemployment in the automobile industry by expanding PSE jobs, especially if you consider that unemployment to be temporary. That is, if you consider the automobile industry is going through a transition and then the main thing that will benefit the unemployed automobile workers is for the industry to go through the transition to start developing the cars that people will buy. In the short term, that is the reason we have unemployment compensation, just to make it possible for them to carry over.

Now, if we had rising unemployment among disadvantaged young people, then I think the CETA program is the one that is best suited for them, especially now, that we have the targeted jobs tax credit and the private sector initiatives.

Mr. WEISS. If I could stop you at this point. I am not sure I understood you correctly, but are you suggesting that trigger mechanism of CETA, to increase PSE jobs, title VI jobs, when the unemployment rate goes above 7 percent, is something you no longer adhere to?

Secretary MARSHALL. No; I am not saying that at all. I am saying that we need to look at the nature of the unemployment that you have. That is, I doubt that if you—with the scenario I pointed out—assume the unemployment is temporary and is mainly among highly skilled workers in the automobile industry, that those workers are going into title VI CETA jobs. They are much more likely to go during the period and draw unemployment compensation and then go back into their regular jobs.

Mr. WEISS. Assuming that those programs are in effect, in fact, those are the very programs that are being marked for a reduction, a reduction of 50,000 countercyclical jobs.

Secretary MARSHALL. Well, I think the question will be whether or not those cuts will stand up when we are through. Since no decision has been made on that, I do not know what the outcome of that is likely to be. I still believe that the trigger concept in title VI is a good one.

Let me also say on the broader question that I think all of the evidence suggests that you will not do much to cure the problem of inflation by a policy of rising unemployment. If that is all you did, it would be a very expensive way to try to deal with the problem and, I think, not a very effective way to deal with the problem.

Mr. WEISS. I share that view, and I think we all do here, on this side of the aisle. But I am confused by the administration apparently switching positions because you may be a lone voice in the administration that adheres to that position.

Secretary MARSHALL. Well, I think what we want to do is to keep the system in place to deal with the problems of the disadvantaged, to look at the problems in the rest of the economy and try to develop solutions that will fit the nature of the problem.

But we also agree—and you know, economists do not agree on a lot—but they do agree that if we do not bring inflation under control, that we will have a much more serious recession. I think it is important for us to do a wide range of things in order to bring inflation under control.

Mr. **Weiss.** My position is that the economists in the administration, by and large, are unwilling to do the one thing which will in fact put a brake on inflation, and that is to put in wage, price, and profit controls.

Secretary **Marshall.** Well, if you can show me how wage and price controls would increase the supply of energy; if you could make OPEC obey it, then I might be for it. I do not believe they will do it.

Mr. **Weiss.** This is not the forum—but Germany and Japan, for example, have much higher import levels of oil, and they do not have the problems we do.

Secretary **Marshall.** Well, one of the reasons for it is that they have already gone through the adjustment. Japan now has an inflation rate that is approaching ours. The German inflation rate is going up, and it is mainly because of the increase. The big difference is that when they increase their oil imports, it does not increase the cost of all alternative energy sources because they do not have many alternative energy sources.

In our situation, we do. There are two problems that we have. One is that since our prices now, of energy, are relatively low, relative to Germany and Japan—$2.50 or so in Germany, and we still have $1.20—now, all but $1 of that in Germany is taxes. The consequence of that as a percentage increase of $2.70 is a lot less than the percentage increase that you would get on our base.

But the other problem is, if you put it throughout the economy, you increase the costs of all alternative energy sources. We estimate in the Department, for example, that if there had not been increases in the interest rate and energy last year, the inflation rate would have been 6 percent, instead of 13.3 percent.

Mr. **Weiss.** I think that may be a most optimistic analysis.

Secretary **Marshall.** We will be glad to share the numbers with you.

Mr. **Weiss.** Thank you, Mr. Chairman.

Mr. **Hawkins.** Mr. Tauke?

Mr. **Tauke.** Thank you, Mr. Chairman.

The discussion that my friend from New York just had with you, Mr. Secretary, prompts me to make an observation about the economic policy. I want to assure the gentleman from New York that his observations are not only held on his side of the aisle.

I listen to the speeches and read the reports, and it occurs to me that basically what the administration is saying, when you cut through all of the redtape, is that business is selling too much, consumers are buying too much, and workers are working too much. So, the way we are going to solve our economic problems is to make certain that business does not do so much business; that the consumers do not buy so much, and that the workers do not work so much.

Then we turn around and say, "But you know, the real problem with our economy is that productivity is declining." So, we all pay lipservice to productivity declining.

Then we say, "Another real problem is that savings are declining." We pay lipservice to declining savings. What do we do? We put on a tax on energy which will do nothing but cause productivity to decline further. Then we talk about withholding taxes on interest earned on savings. I cannot figure out for the life of me how that is going to encourage any kind of savings.

So, I have a great deal of difficulty figuring out exactly what the economic policy of the administration, or for that matter, the Congress, happens to be at the moment.

Mr. WEISS. I am pleased that the administration has managed to unite the members of this committee.

Mr. TAUKE. In any event, Mr. Secretary, I guess this leads into my whole concern about the employment problem with youth, and what we are doing about it. I do not have a lot of scientific analyses which tell me whether or not jobs are available on the job market. But I read the Des Moines Register, and I look at the want ads. I look at the want ads to see what it says about the job market.

For a week we have not had one job advertised for a dishwasher in the Des Moines Register in Iowa. Now, what that says to me, I think, is that there are not a lot of jobs out there for unskilled or low-skilled workers.

When I look at this youth initiative program, however, what I am seeing is a program which says in effect that the problem we have with youth unemployment is that we do not have people who know how to read, to write, or to compute simple arithmetic problems. So, what we are going to do, we are going to take people who cannot read, or write, or compute simple problems, and try to train them to do so.

There are some other people who really do not understand simple jobs skills. They do not know how to fill out a résumé. They have not acquired certain work attitudes. If we accomplish the goals of training these people in a minimum way, the fact may be that we do not have any jobs there for these people to fill.

Am I missing something here? Or what in the program is it that is going to solve what I think is the underlying problem, and that is basically there are not any jobs there for people of relatively low skills.

Secretary MARSHALL. Let me say I think that is right, there are not a lot of jobs for people with no skills or limited skills. That is the reason for our proposal, it would give skills to people, not just basic literacy.

These days, it is impossible to acquire skills if you do not have the basic literacy and computational skills. Almost any job that you will find in the Des Moines Register requires that you have literacy, that you have some basic skill.

What we propose to do is to give more intensive training to young people, a combination of training and what is sometimes called related or academic instruction, so that they can find those jobs that you will find in the Des Moines Register, or throughout Iowa, since Iowa has a relatively low level of unemployment and has some skill shortages that they need to find.

Now, the way this program would work is that the people in Des Moines, or Cedar Rapids, would decide what they need to train people for. The private industry council which exists there could work with the CETA system and with the local school system to try to identify the jobs they know—as much as they can—will exist in that community, and start getting young people prepared for that.

The basic literacy is a foundation skill that you need for almost everything you do. This is particularly true these days when you have a lot of people who are from different language backgrounds and are not functional in English. Some of our programs have been designed to make it possible for them to do that.

But I think the thing to emphasize is that what we would hope to do would be give the principal actors in the local labor market the resources and the mechanisms to put together a training program that would meet their needs.

Mr. **Tauke**. Mr. Secretary, I think I concur with a great deal of what you said. As I look at the Iowa problem, however, it occurs to me that what we do not need is another program such as this. What we should do instead is say to the vocational-technical people in our high schools and in our excellent community college system across the State that, "You, for a change, are not going to suffer a cutback in funding which prohibits you from developing the programs which are needed to train people to fill the jobs that are crying to be filled in our State. Instead, we are going to this year direct our resources toward that."

We, in our State, really do not have a hard-core youth unemployment problem of the magnitude that, for example, the chairman does in his district.

So, I have some concerns about the direction of this program as a result of that. When I look at how it would work in the inner cities, it seems to me that it is asking too much for this kind of a program to be able to provide that kind of really technical skill that is needed. There, it occurs to me, we really need to be in a position to somehow find jobs, or to create that market for the labor force that is available.

Secretary **Marshall**. I think that is right. That is one of the reasons for the array of services that you provide, working with the principal labor market actors in that community. One possibility is public service employment, work experience, rather than a heavy concentration on employment training.

In other communities they need more training, and they do have more hard core. If you do not need the program, obviously, there is no point in having it in there. But there are communities in Iowa that need it. If they do, then it is there for whatever number of people that they have.

There is nothing in here that requires the creation of new institutions. In fact, we studiously avoided that because if your technical training institutions are now doing a good job, maybe all you really need to do is to make it possible for them to get the resources to do the things for the young people. We do not preclude that at all. But it has to be an agreement worked out by the local elected officials who are the prime sponsors for the most part, the local education agencies. We hope to involve the private sector because we think a lot can be done there.

In fact, one of the things that we found in the work that we have done so far is that more intensive efforts to find jobs for people can frequently find them jobs with no more training. It is just that a lot of people do not know how to go about searching out those jobs because they do not have the mechanisms to do it.

Mr. **Tauke**. Mr. Secretary, the assumption there is that the jobs are available.

Secretary **Marshall**. Well, if not, then I think what we need to do is develop the jobs. I agree with that. If you have the private industry councils involved and the local economic leaders involved, they have to make the determination of whether there are likely to be jobs for those young people in that community. If they make the determination that there are not, it might be a good thing for them to do, to train people so they can get jobs in other communities.

Mr. TAUKE. I met with the principal of Fayette High School in my district over the weekend, and he said to me, "You know, when we look ahead to the future we are told in our State that we will have a very substantial number of jobs available requiring high training, by the late 1980's, and our educational system is not able to provide the training to fill those jobs."

He said, "Yet, on the other hand, our youth employment programs seem to encourage people to drop out of school and, instead of keeping them in the school system that is available to them and which provides some potential that they will be able to move onward into the vocational-technical areas, or whatever—if they were available—that could meet the needs, we are diverting resources away from the vocational-technical training and into other kinds of alternative education which really will not solve the needs either of the individual who is receiving these services, or of the employer who needs the workers."

How do you respond?

Secretary MARSHALL. I think that is an important concern. That is the reason this is a program that is joint between the Department of Education and the Department of Labor. The educational component of the program is designed to make it possible for young people to stay in school.

In fact, we have built in disincentives for young people to drop out.

Mr. TAUKE. What are those disincentives?

Secretary MARSHALL. Well, you cannot be paid, for example, if you drop out, by regulation. You have to try to encourage young people to stay in school and to give resources to the education system that they do not now have; an additional billion dollars is proposed here to go to the school systems in order to work with young people and try to make it possible for them to stay in.

Mr. Johnson, do you want to comment on that?

Mr. JOHNSON. The only thing I wish to add is that title II of this bill, which is the educational component of the Youth Act, spells out, as Secretary Marshall says, the education system's role. Twenty-five percent of those funds are earmarked or reserved for the vocational education and technical education system. So, we do think that—in addition to what we are doing on the Labor Department's youth program, in terms of cooperation and incentives to cooperate with the educational system and utilizing vocational schools and other post secondary institutions—the kind of emphasis you are talking about is contained in the education component of this package.

Secretary MARSHALL. It could well be that a major problem in some areas is that you have people who have already gone through a school system and who have the disadvantages. That means that you may need to create special programs, and even maybe provide the basic education in alternative places. It does not really make a lot of sense to send somebody who has gone through a school and still has not acquired the basic literacy skills, back into that same school. It might be better to agree with the local education agencies that we need to do something special. There may be other ways to reach these young people.

We have discovered that in our Job Corps program that we can take people who seem to have been turned off by the school system and teach them basic literacy and other academic subjects as part of the skill training process. It becomes more practical and more concrete for people to learn mathematics that way, for example, or to learn communications skills by describing what you are doing in the vocational or technical setting.

But the main point here is that what we need to do, we think, is to preserve as much flexibility for the people in the local community to decide what kind of system they want, so long as they get some kind of system.

Mr. TAUKE. I do commend your efforts to try to accommodate the needs in various parts of the country. I am not sure that we have reached it yet, but I think that a very serious effort has been made. I guess that the underlying problem is the general state of the economy. I suspect there you are fighting a losing battle.

Secretary MARSHALL. Well, I think the thing that can be done, the reason I emphasize the participation with the private industry councils, is that if the local community has an economic development plan of any kind, it can use these resources as part of that plan. If, for example, one reason you had difficulty getting a higher wage industry to locate in a community was because you do not have workers with those skills, then part of the economic development plan would be to be able to tell the economic developers—and you can use that as a part of your effort to get industry to locate in this community—that, "We will see to it that they have the skills that they need." That could be, and has been in some cases, a way to get more jobs into a place.

Mr. TAUKE. This question does not relate to the general thrust, but it is a matter of some curiosity. In the January 29 budget presentation you included documentation which showed that even with the President's new youth initiative, that the actual number of service years being provided young people would be less in fiscal year 1981. Then, you submitted more material on March 10, as I understand it, suggesting that there were new figures and that really was not so.

What transpired there? What accounts for the new information?

Secretary MARSHALL. I will let Mr. Johnson respond to that.

Mr. JOHNSON. The people who were working on the original service year estimates were assuming that we would be moving to the new pattern of the new legislation in fiscal 1981 very quickly. In fact, fiscal 1981 is more or less a transitional year with a startup of $300 million in budget authority to be requested for the new initiative.

It was realized almost immediately after the estimates were submitted in response to questions people were asking that there had been some misunderstanding among the various people who were working on the estimate.

Since fiscal 1981 would, as we are proposing it, be a transitional year in which the Secretary of Labor would have the authority to continue to operate under the existing provisions of the statute and to move over to new provisions gradually, at his discretion, then we are not talking about as much of a shift as was assumed by those who made the original estimates.

Now, the reason for the difference in the estimates was due to the increased emphasis upon out-of-school youth. More intensive services for out-of-school youth do cost more; there is a higher cost per service year and per person served. So, this means that by fiscal 1982 there will be a somewhat higher cost per person. But for that year we would be requesting substantially more funding under the administration's proposal.

But, in terms of simply moving toward getting started on some aspects of the initiatives in 1981, we are essentially talking about continuing the pattern of most of the provisions of YEDPA that we now have. In reestimating the costs it turns out that, even for fiscal 1981, as I said in response to an earlier question, there would be a service year increase of 40,000 jobs or an additional 217,000 persons served; in fiscal 1982, there would be an increase in service years of 133,000 and, in number of persons served, an increase of 516,000 over 1980.

There is one point that should be added, and that is that there is almost no way to make a comparison with the entitlement program, YIEPP. In that program now, there are, it is true, some 35,900 slots. But these are part-time work opportunities with some counseling and other services provided. We know of no way to make a service year comparison. We project an increase of some 40,000 service years; however it is true that this does not take into account that the YIEPP program now serves some 35,900 youths. But we cannot really put those on a comparable basis in terms of service years. However, even if we counted the existing level as including the 39,000 YIEPP slots, there would be a small increase, taking into account inflation in the cost of the program. So, our proposal does not mean there would be a reduction in service years when fiscal 1981 is compared with 1980.

Mr. TAUKE. I think I will have to reread all of that in the record to make certain I got that. But I appreciate that attempt to clarify.

Secretary MARSHALL. We will make that available for the record. We have a report on that which we will make available for the record.

Mr. TAUKE. I appreciate that, Mr. Secretary. Thank you, Mr. Chairman.

[The report referred to follows:]

THE YOUTH EMPLOYMENT AND TRAINING PROGRAM, SERVICE MIX, SERVICE YEARS, PARTICIPANTS AND UNIT COST ESTIMATES FISCAL YEAR 1980–82

The attached tables are supporting documents to the draft youth legislation submitted February 29, illustrating the estimated service mix, service years, participants and unit costs for Title I of the bill, the Youth Employment and Training Program.

During the transition year, 1981, we think it is reasonable to expect that the bulk of activities will look like the existing YETP/YCCIP service mix because it will take some time to make substantial adjustments in program design and to shift toward the emphasis on older out-of-school youth stressed in the new initiative. The amount of money available to accomplish that shift is projected to be greater in fiscal year 1982 than in fiscal year 1981, so we expect change in the first years to be modest. For purposes of estimation, we have assumed that in fiscal year 1981 prime sponsors will add the bulk of the increased funds (75 percent) to out-of-school work experience and to training and remediation. We estimate they will increase the entry-level employment category to some extent also. We expect that the actual increase in service year levels in the two programs being consolidated (YETP and YCCIP) in fiscal year 1981 will be about 40,000, or an additional 217,000 persons served.

The President's current new initiative funding goal is to provide $1 billion in new authority to DOL programs by fiscal year 1982. This includes $300 million in fiscal year 1981 above the current services level of $285 million, and $700 million in fiscal year 1982 above the fiscal year 1981 total request. The $700 million for fiscal year 1982 is currently being held as part of an $800 million contingency for the New Youth Initiative. Although the distribution of this contingency is tentative pending further program refinements and the results of joint DOL/ED implementation planning, this presentation reflects assumptions that total fiscal year 1982 budget authority for DOL New Youth Initiative programs will be $1,825 billion, which includes the $700 million from contingency funds added to the $1.125 billion now in the fiscal year 1982 request.

When the program is fully implemented in fiscal year 1982, we anticipate that fully half the dollar increase will be devoted to skill training and entry-level employment as prime sponsors focus more of their efforts on the target group of older out-of-school youth. The increase in the number of service years between 1980 and 1982 is estimated to be 133,000. We project that the total number of persons served in 1982 under the new initiative will be 1,136,000, an increase of 516,000 over 1980.

Although we have used the best estimating techniques available to us, it must be understood that these estimates are based on assumptions from current program experience and decisions that we feel prime sponsors are likely to make concerning service mix. In some cases, these assumptions may not be applicable in 1982. In the estimation of slot-to-participant ratios, for example, we have based our estimates on actual experience with the YETP and other existing program models. Since part of our thrust under the new initiative is to provide more intensive service, the net effect may be longer average periods of enrollment in the future which would mean fewer persons served.

These estimates, which assume that prime sponsors will gradually shift to the new focus on older out-of-school youth, is a more realistic projection of likely prime sponsor behavior than the first estimates, which assumed that the shift in focus would occur immediately with all the funds.

These estimates are still subject to change based on further program refinement and final decisions regarding the allocation of resources in fiscal year 1982.

NEW YOUTH INITIATIVE

[In millions]

	Fiscal Year 1980 [1]	Change, 1980-81	Fiscal Year 1981	Change, 1981-82	Fisca Year 1982
Service years	163,000	39,688	202,688	93,724	296,421
Participants	619,900	217,047	836,947	299,429	1,136,376
Outlays	867	169	1,036	(2)	(2)

[1] Includes YETP and YCCIP. Excludes YIEPP for new youth initiative comparability purposes.

[2] 1982 outlays are not available for the new youth initiative; service years are calculated from $1,825,000,000 in budget authority, which is $700,000,000 above the fiscal year 1981 level of $1,125,000,000. See the narrative accompanying this package for a full explanation of the fiscal year 1982 budget authority assumptions.

YOUTH INITIATIVE EMPLOYMENT AND TRAINING PROGRAMS SERVICE MIX CURRENT AND PROJECTED COSTS, FISCAL YEAR 1980-81

	Fiscal year 1980 [1]			Fiscal year 1981 request		
Budget category	Budget authority (million)	Outlays (million)	Current services mix for fiscal year 1981 (million) outlays) [2]	Annualized unit costs [3]	Authority (million) [4]	Outlays (million)
Preemployment assistance	$55	$58	$66	$3,287	$55	$66
Work experience:						
In school	240	251	271	2,951	240	271
Summer	93	98	104	5,087	93	104
Out of school	324	340	365	8,975	435	403
Skill training and remediation	99	104	112	8,109	212	149
Entry-level employment	15	16	18	6,092	90	43
Total	826	867	936	5,111	1,125	1,036

[1] Fiscal year 1980 distribution of budget authority and outlays by activity is by Office of Yourth Program, ETA.

[2] This is the cost estimate for continuing current services through fiscal year 1981, not including $20,000,000 for YIEPP activities which are to be discontinued.

[3] Derived by dividing outlays by service years.

[4] Assumes new money distributed for outlays and budget authority, in the following proportions: 37.5 percent to out-of-school work experience, 37.5 percent to training and remediation, and 25 percent to entry-level employment.

FISCAL YEAR 1981 UNITS OF SERVICE PROVIDED

	Based on budget authority					Based on outlays				
	Slots [1]	Slot duration divided by weeks in year	Service years	Slots to persons served ratio	Persons served	Slots [1]	Slot duration divided by weeks in year	Service years	Slots to persons served ratio	Persons served
Preemployment assistance	145, 503	0. 115	16, 733	1. 15	167, 328	174, 603	0. 115	20, 079	1. 15	200, 793
Work experience:										
In school	132, 231	. 615	81, 322	2. 00	264, 462	149, 311	. 615	91, 826	2. 00	298, 622
Summer	105, 682	. 173	18, 283	1. 00	105, 682	118, 182	. 173	20, 445	1. 00	118, 182
Out of school	50, 382	. 962	48, 467	3. 00	151, 146	46, 676	. 962	44, 902	3. 00	140, 028
Skill training and remediation	54, 359	. 481	26, 147	1. 50	81, 538	38, 206	. 481	18, 377	1. 50	57, 308
Entry-level employment	15, 358	. 962	14, 744	3. 00	46, 064	7, 338	. 962	7, 059	3. 00	22, 014
Total	503, 515	. 409	205, 726	1. 62	816, 230	534, 315	. 379	202, 688	1. 57	835, 947

[1] Slots = Budget authority or outlays ÷ slot costs.

FISCAL YEAR 1982 PROJECTED COSTS AND SERVICES[1]

	Budget[2] authority	Slot[3] costs	Slots	Slots duration divided by weeks in year	Service years	Slots to persons served ratio	Persons served	Annualized unit cost
Peremployment assistance	72	408	176, 471	0. 115	20, 294	1. 15	202, 942	3, 548
Work experience:								
In school	315	1, 960	160, 614	. 615	98, 839	2. 00	321, 428	3, 187
Summer	122	950	128, 421	. 173	22, 217	1. 00	128, 421	5, 791
Out of school remediation	570	9, 325	61, 126	. 962	58, 803	3. 00	183, 378	9, 693
Skill training and remediation	453	4, 212	107, 550	. 481	51, 732	1, 50	161, 325	8, 757
Entry-level employment	283	6, 329	46, 295	. 962	44, 536	3. 00	138, 885	6, 354
Total	1, 825	2, 682	680, 577	. 436	296, 421	1. 67	1, 136, 376	6, 157

[1] The President's current new youth initiative funding goal is tp provide $1,000,000,000 in new authority to DOL programs by 1982. This includes $300,000,000 in 1981 above the current services level of $825,000,000, and $700,000,000 in 1982 above the 1981 total request. The $700,000,000 for 1982 is currently being held as part of an $800,000,000 contingency for the new youth initiative. Although the distribution of this contingency is tentative pending further program refinements and the results o 'joint DOL/DOE implementation planning, this presentation reflects assumptions that a total fiscal year 1982 budget authority for DOL new youth initiative programs will be $1,825,000,000, which includes the $700,000,000 from contingency funds added to the $1,125,000,000 now in the 1981 request.

[2] Projected outlays not available for 1982; $700,000,000 in new budget authority distributed as follows: $350,000,000 distributed among activities in same proportions as 1981 budget authority, $350,000,000 divided equally between skill training and entry-level employment.

[3] Fiscal year 1982 slot costs equal fiscal year 1981 slot costs inflated by 8 percent.

[4] Slots=budget authority÷slot costs.

YOUTH INITIATIVE SERVICE MIX, FISCAL YEAR 1980–82

Activity	Fiscal year (percent)		
	[1] 1980	[2] 1981	[2] 1982
Preemployment assistance	7	5	4
Work experience:			
In school	29	21	17
Summer	11	8	7
Out of school	39	39	31
Skill training and remediation	12	19	25
Entry-level employment	2	8	16
Total	100	100	100

[1] For fiscal year 1980, the service mix is the same for both outlays and budget authority.

[2] For fiscal year 1981 and 1982 the service mix is based on budget authority. The service mix for the calendar period of the 2 fiscal years (the outlay services mix) will change less rapidly than the budget authority service mix presented here.

CONVERSION OF UNIT COSTS TO ANNUAL RATES

	Employability assistance	Summer	Work experience		Entry employment	Training remediation
			In school	Out school		
Duration in weeks	7	9	32	50	50	25
Percent of 52-week year	.12	.17	.62	.96	.96	.48
Slot cost	378	800	1,815	8,634	5,860	3,900

CONSTRUCT OF CURRENT SERVICES FOR YOUTH PROGRAMS (BASE FOR NEW INITIATIVE)

	Fiscal year—	
	1980	1981
YCCIP:		
Service years	16,000	16,600
Unit cost	$8,864	$9,550
Budget authority (millions)	$134	$129
Outlays (millions)	$147	[1] $159
Carryover (out) (millions)	$45	$16
YETP:		
Service years	146,420	146,420
Unit cost	$4,923	$5,307
Budget authority (millions)	$692	$696
Outlays (millions)	$721	[2] $777
Carryover (out) (millions)	$159	$77
YIEPP:		
Service years	35,900	
Unit cost	$2,618	
Budget authority		
Outlays (millions)	$94	
Carryover (out) (millions)	$19	
Total outlays:		
YCCIP	147	159
YETP	721	777
YIEPP	962	936

[1] Plus $12,000,000.

[2] Plus $56,000,000.

Note: Current services is defined in terms of service years, and the request maintains current program levels in those 2 programs to be continued. YIEPP, which began phasing out in fiscal year 1980, will be phased out in fiscal year 1981 as planned, therefore the fiscal year 1980 service levels in YIEPP are not included in fiscal year 1981. The outlays freed up from YIEPP are used to cover increases in wages/inflation in YCCIP and YETP.

Mr. HAWKINS. Mr. Secretary, this morning I met with the school people from my school district in Los Angeles. They presented to me a situation which they claim they have nothing to do with; that is, they have no control over.

They indicated that due to the inflation rate the personnel costs will be automatically going up. That the proposed cuts as announced from Washington officially and unofficially—and I think this is subsequently confirmed—revenue-sharing money will be eliminated, general revenue-sharing money. In California all of this is passed through the State to the local districts. So, they will be deprived of that completely.

The impact aid is being suggested as one of the other budget cuts, which again will deprive them of that.

They say they cannot raise taxes because of the mood of the country, being promoted by everyone from the White House through Congress, and by everyone else.

They cannot sell their bonds. They cannot sell bonds because of the interest rates. As a matter of fact, their interest rate on their bonds will be going up again because of inflation, and not due to any local conditions.

As a result of this there is a shortfall that they have—anticipate—at the beginning of the next semester of no less than $88 million, even after the State has contributed a great amount in order to try to reduce it. They tell me that unless something is done to remove some of these disabilities, they cannot open up in the fall of the year.

So, we are talking about spending $50 million in this initiative to plan a 1981 budget, to do something about teaching kids, teaching young people the basic skills; and they are telling me they are not going to be able to teach young people anything due to this crunch.

I have heard this over, and over, and over, and I just want to pass it on because this is what we are hearing at our local levels that causes many of us to have the concerns that Mr. Tauke has indicated it is very difficult for us to explain why we believe there is in operation at the present time the trade-off theory, and that the country is being led into a recession. These fears on the local level are pressing down on us who represent those areas. It is difficult for us to explain how it is that a balanced budget comes first, in view of the impact there is on it.

So, I just simply want you to know that we are not in a sense using this opportunity to zero in on the Department of Labor for policies that certainly are broader. If some of our questions appear to be somewhat intense and personal, they really are because this is what we experience at the local levels. That is just a comment and I pass it on for what it may be worth.

Mr. Weiss?

Mr. WEISS. Thank you, Mr. Chairman.

I welcome the opportunity to ask a specific question on the bill, which I did not get around to because I spent it all on general philosophy earlier.

I understand that in title II, there is forward funding for fiscal 1982. I am not sure of the amount, but I think it is about $800 million, $900 million, for 1982.

Now, since we have this transitional period during 1981 that you described, Mr. Johnson, the question that I have is, why would it not make just as much sense, if we really want to demonstrate our commitment not just to an aid to education program, which is fine on its own grounds, but also to an employment program, why are you not asking for forward funding of the employment component?

Secretary MARSHALL. I will let Mr. Johnson answer that.

Mr. JOHNSON. As you know, the CETA authorization legislation in title I, the general provisions of CETA, does authorize advance funding. We have found in the discussions with the Budget Committees and the Appropriations Committees that we do not see that they are ready to take that step at this time.

Mr. WEISS. But then, they are not ready to take it as far as education is concerned, either.

Mr. JOHNSON. I mean as far as the CETA programs go. Education has a long-established practice of forward funding which started quite a number of years ago with title I of the Elementary and Secondary Education Act. So, our proposal simply follows the existing pattern.

Mr. WEISS. Would you, then, just run through the numbers—very slowly—for me as to what is being suggested in what year? I think that I know them, but I really would like to have them for the record for my clear understanding.

Mr. JOHNSON. For the CETA side, or education?

Mr. WEISS. Both sides, if you will, but CETA most especially.

Mr. JOHNSON. For fiscal 1981, the budget authority we are requesting is $1.125 billion.

That is as far as the appropriations bill itself goes, we would be requesting a total appropriation of $1.125 billion.

Mr. WEISS. Let me stop you there. Is this additional money, are these new moneys under the youth initiative education legislation?

Mr. JOHNSON. $300 million would be new.

Mr. WEISS. That is what I am really looking for, new moneys in the new program.

Mr. JOHNSON. All right, the new money we are requesting for fiscal 1981 is $300 million. We anticipate that about $100 million of that would be outlaid, but that is just an estimate. So, there would be $300 million in additional budget authority under title I of this bill.

For fiscal 1982, our projections are that would be $1 billion in new money, and that the outlay level, then, would be close to that figure. We would have a full operational program going at that time. So, the additional budget authority requested will be $300 million for 1981 and $1 billion for 1982, for the CETA youth program.

Mr. WEISS. Now, again staying on the numbers just a little bit. In the course of your testimony, Mr. Secretary, I think you have indicated that in the youth employment training program we are roughly $1.6 billion over the 1977 level. Now, we have had some staff review of those funds, and we are able to identify $825 million.

I wonder, where is the other $800 million coming from, do you know?

Mr. JOHNSON. Does that include the summer youth program, the figure you are using? We are not including summer youth here.

Mr. WEISS. No, I do not think so, that would not be new. That has not been expanded significantly. Are you including summer youth as an expansion program in that?

Mr. JOHNSON. No.

[Chart of budget outlays:]

BUDGET OUTLAYS FOR YOUTH—DEPARTMENT OF LABOR—CETA PROGRAMS—1977 AND 1980

[Millions of dollars]

	1977	[1] 1980
Youth programs:		
Job Corps	$202	$488, 700
SYEP	575	793, 700
YETP	4	720, 800
YCCIP		147, 100
YIEPP		94, 000
YACC		256, 100
Other CETA programs: CETA title I, II, VI [2]	1, 814	1, 574, 400
Total	2, 595	4, 074, 800

[1] Revised 1980 outlay estimates.
[2] Estimated outlays based on proportion of youth served as reported in Quarterly Summaries of Client Characteristics

Secretary MARSHALL. I will have to check that.

Mr. WEISS. Would you, and would you give us a breakdown of those figures because we are having some difficulty in rationalizing.

Also, in the course of your testimony, Mr. Secretary, you spoke about a very well-targeted, selective formula, which will reach the disadvantaged youngsters who are not able to get jobs. Given the general difficulty that we have in determining how many youngsters are out there in the general population, and in the minority population, of disadvantaged groups; and the general antipathy that we have noticed within the Congress and the House about using unemployment figures in the adult sector, I wonder if you could tell us how you expect to achieve the kind of background data which would allow you to come forward with a valid, accepted targeted formula.

Secretary MARSHALL. I think what we will have to do on all of these is what we do on most of these programs of whatever kind, is to do the very best we can; and then to see if it is acceptable. We are still working on that formula. With the first tier of allocations under this, we use the same formula that we now use to allocate the funds. But then, the second tier, the more highly targeted, would give greater weight to the information that we have about the greater concentration of the problem there.

Let me let Mr. Johnson comment further on that.

Mr. JOHNSON. The equal chance supplements, which is one-fourth of the money that is allocated for prime sponsors, is allocated one-half on the basis of the excess unemployment over the national average. We take unemployed individuals, except we do think we can and we are working on this with the Bureau of Labor Statistics, to get some youth unemployment data into it in part. But this is a statistical problem we are trying to work out to the best extent we can.

Anyway, half of it would be based on unemployment above the national average of unemployment, or of youth unemployment. As I say, we are having to make some adjustments with respect to youth unemployment.

The other half is based on prime sponsors' excess over the national average of low-income individuals, or low-income youths. So, clearly then, those funds—one-fourth of the funds—would be going to only a limited number of prime sponsors to provide very intensive programs for many of the youth who need those programs. That is why, to some extent, we think that the equal chance supplements are trying to deal with some of the same objectives of the entitlement programs that were discussed earlier because it would give lots of resources to poverty areas.

Mr. WEISS. I was distracted by something else that was happening when Mr. Jeffords asked a question, Mr. Secretary. My recollection of the question was that he was concerned that there did not seem to be any direct tie-in between the title II education component of this bill and a signoff by the people within the education system, and the local prime sponsor people who are involved in the job placement part of the program. He expressed an interest in having a tighter correlation and in essence a signoff to make sure that the money in fact was being used to foster job training and placement, rather than just basic skills.

I thought that I heard you say that you had no disagreement. But I am not sure I heard as to what you had no disagreement with.

Secretary MARSHALL. I think what we need to do is to provide all of the incentives that we can for there to be two-way communication between the education system and the employment and training system, and to require the agreements.

In fact, the incentive money that we have, one of the things that we could very well give agreement to, is what the education system had in fact agreed to do. I think that is contemplated by the system, that it would require that kind of signoff.

Mr. WEISS. That is in title I of the program, the employment part. I thought that Mr. Jeffords was addressing himself to title II money, the education money.

Secretary MARSHALL. The education money.

Mr. JOHNSON. On the education side of the proposal, it is true that there is consultation. The youth councils that we have on the CETA side could be the same as the youth councils that are involved in the districtwide review in title II of this bill.

So, in terms of the planning process, advisory councils and consultation, that is written into the education side of it.

We are willing, and the Department of Education staff people are willing to work with the committee staff. In fact, we already had some discussions with them, about ideas with respect to both sides of this legislation. The administration submitted this one piece of legislation precisely because it wanted to be able to have all these things out on the table at once. So, we were responding that we would be quite willing to work with you in developing those ideas. We think we have worked out a pretty good idea on the employment side because, as the Secretary just alluded to, we provide incentive funds which can be added to, that can augment or supplement, funds that a prime sponsor is coming up with, out of its CETA or other available resources. Also, there is language in the bill on this. It must be coordinated with commensurate resources that the local educational agencies come up with.

Now, that is a modest attempt to get started down this path. It is true, it is on our side, the Department of Labor side, title I of the legislation. I know that the Department of Education and the Department of Labor would be willing to work out other incentives in both parts of the legislation.

Mr. **Weiss**. It occurs to me that one of the concerns that we have with title II—one that I have, certainly—while I think that title II may stand very well on its own footing as an aid to basic skills education program, a title I for junior and senior high school students, for example; the problem is that for the longest time I was trying to rationalize the two parts of the bill, title I and title II. I found that logically I could not until I looked at title II really as a separate bill under the same introductory number, and on that basis it is fine. But I think that risk that you run, and the risk that we run is that if in fact we try to continue selling this bill as being two interlocking pieces of legislation without the kind of interlocking that we were just talking about, that Mr. Jeffords' question raised, we are very likely to give the whole youth employment effort a very bad rap again because ultimately people are going to look at it and say, "Hey, this did not create any new jobs. This was really a disguised aid to education bill."

Now, I happen to be in favor of aid to education. But I do not think that it ought to be running under false colors because, ultimately, I think, it will hurt employment programs for youth as well as education programs.

Secretary **Marshall**. I agree completely with that.

Mr. **Weiss**. Well, I am glad that you agree. Now, if we can only get the administration to recognize it.

Secretary **Marshall**. I will talk with Secretary Hufstedler about it, and we will work with your staff to see if we can work that out.

Mr. **Weiss**. Thank you very much. Thank you, Mr. Chairman.

Mr. **Hawkins**. Mr. Secretary, the plan of the committee is to devote next week—as much of it as possible—to the consideration of the welfare proposal. There will be pending a series of amendments, both by the minority and the majority. We will consult with your staff on trying to develop some accommodation.

So, not later than the 27th—next week—and prior to the Easter recess it is the intent to act on the bill one way or the other. This is simply to announce the plans so that we can perhaps at the staff levels commence as soon as possible dealing with it.

Now, we do this on the assumption that there is still administration approval or support for the welfare reform proposal. I hope that I am correct on that assessment, but I know that is one of the bills that has to be acted upon as soon as possible if we intend to meet the target date of May 1, or May 15, whichever it turns out to be. We must act on those bills before that final date. I hope that this schedule meets with your approval.

Secretary **Marshall**. Yes, sir, it does.

Mr. **Hawkins**. Mr. Jeffords?

Mr. **Jeffords**. I saw the Secretary nodding his head, but I am not sure whether he is nodding his head because he was understanding what you were saying, or because he was agreeing that this is still something that is a viable program that the administration is going to push to see through.

To get back to my question on the other one, as to whether or not we are going to be working hard and then have something "lie and die."

Secretary **Marshall**. You mean the welfare reform decision?

Mr. **Jeffords**. Right.

Secretary **Marshall**. The welfare reform decision has not been made, but the youth decision has been made. We ought to make that as soon as we can.

Mr. **Hawkins**. We hope the decision is made because we do not want to be "spinning our wheels." We have both these proposals as well as other proposals, and the committee is hard pressed as it is, to accomplish its work. Obviously, if we do not get some indication that this proposal is still being considered among the priorities, it may be that we will have to defer action on one in preference of the other.

Secretary **Marshall**. You will get our decision as fast as we can.

Mr. **Jeffords**. But it will not come before the New York primaries, is that correct?

Secretary **Marshall**. Well, I think there is no necessary connection between what we do on a particular thing because—the decisions we made on Job Corps and youth—I do not think the primary has anything to do with whether we make the decision on the welfare reform.

Mr. **Jeffords**. Then, we could have the decision before the New York primaries?

Secretary **Marshall**. Yes, sir.

Mr. **Jeffords**. Thank you.

Mr. **Hawkins**. And not later than my June primary. I have a primary on June 3, so I hope you will keep that in mind, also. [Laughter.]

Mr. **Hawkins**. Mr. Secretary, we do have a series of questions that we might have asked—both minority and majority—and will submit such questions that we deem to be highly important. We would appreciate a response as expeditiously as possible, in connection with some of those we could not ask this morning.

Again, we would like to thank you, Mr. Secretary, and your staff for your cooperation and for your very splendid presentation this morning.

Secretary **Marshall**. Thank you, Mr. Chairman.

Mr. **Hawkins**. The committee stands adjourned.

[Whereupon, at 12:10 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

House of Representatives,
Committee on Education and Labor,
Subcommittee on Employment Opportunities,
Washington, D.C., March 27, 1980.

Hon. Ray Marshall,
Secretary of Labor,
U.S. Department of Labor, Washington, D.C.

Dear Secretary Marshall: Attached is a list of questions that I indicated we would submit to you following your appearance before the Subcommittee last week.

Your prompt response would be appreciated as many of the questions involve issues that we must resolve before completing action on the youth proposals before us.

With warm regards, I am
Sincerely,

Augustus F. Hawkins,
Chairman.

Attachment.

U.S. Department of Labor,
Office of the Secretary,
Washington, D.C., April 14, 1980.

Hon. Augustus F. Hawkins,
Chairman, Committee on Education and Labor,
House of Representatives, Washington, D.C.

Dear Mr. Chairman: I am attaching the answers to the questions submitted with your letter of March 27. There are a few items which are not included but they will be forwarded in a few days.

Sincerely,

Ray Marshall,
Secretary of Labor.

Attachment.

Question 1. We have heard testimony from several groups that claim that the annual average wage provision is causing a severe difficulty in creating PSE jobs, yet we understand that the Department has testified before the Appropriations Committees indicating that you support no change in this provision. Could you provide us with a computer run based on an adjusted annual average wage at $7,800 and $8,200?

Answer. While we do not currently support any change in the provisions or level of the index, the Department is in the process of conducting a study designed to provide quantitative measures of the nationwide impact of the wage index provision on PSE programs. This study will provide information on the programmatic impact of the provision as well as any barriers it may have introduced into the ability to create PSE jobs. A survey questionnaire will be sent to all prime sponsors and our goal is to have a full report by the end of June.

In addition, the Department is reviewing administrative actions that might be available for bringing about modifications to the present wage index requirements to give added relief to prime sponsors.

We know that in a number of prime sponsor areas, State/local government wage structures have made implementation of the PSE average wage requirement difficult.

Prime sponsors are taking steps to accommodate the average wage. Many are restructuring entry level jobs. Many have revised their PSE programs to include lower wage jobs, frequently with non-profit organizations. The new provisions for training for PSE participants have provided an opportunity to reduce average wage levels by having participants allowances at the minimum wage during training.

While the new average wage and supplementation requirements have presented a challenge to prime sponsors the overall effect of the 1978 reauthorization has clearly been to increase the targeting of PSE to the disadvantaged. A National Academy of Science study states, that in 28 cities they studied in 1979 "new enrollees, compared to earlier participants are more economically disadvantaged, include more women, are younger, have less schooling and are more likely to be black." For example in Titles II–D and VI the percentage of economically disadvantaged in 18 sample areas increased from 80 percent in fiscal year 1978 to 93 percent for participants hired during January-June 1979.

Studies also show that in meeting the new average wage requirements there has also been a substantial shift in the kinds of jobs funded. A sample showed that all prime sponsors were de-emphasizing professional, technical and administrative jobs; 80 percent planned reductions in relatively high-paying paraprofessional and craft occupations. Conversely laborers and low-paying service and clerical occupations were planned to be used more frequently.

The Department has information on what prime sponsor's average annual wages would have been in fiscal year 1979 had the index been established at the $7,800 or the $8,200 level. We do not currently have this such information for fiscal year 1980. If the committee wishes that information, it will be provided upon request.

Question 2. Of the funds allocated this year for CPS adjustment, some $25 million I believe, what proportion will be allocated next fiscal year for consortia bonuses? How many consortia have broken up since the bonuses have been reduced?

Answer. It is not possible to determine the amount of the $25 million which will be available for consortium bonuses in fiscal year 1981. The reason for this is that the act also requires that each prime sponsor receive each year at least

90 percent of the amount received during the previous fiscal year. Therefore, where a prime sponsor receives less funds in its formula allocation it may result in the prime sponsor's allocation falling below the 90 percent level. If this occurs, it woud mean that discretionary funds would have to be used to bring the prime sponsor back up to the 90 percent level. While less funds will be needed out of the discretionary pool because of the elimination of the CPS adjustment, more funds may be needed out of the discretionary pool for the 90 percent hold harmless requirement. In other words, to a certain extent there will be an offset. The Department is not in a position at this time to estimate the extent, if any, of the offset which will be necessary. The Department does believe that some portion of the funds previously used for CPS adjustment will be available for consortium bonuses in fiscal year 1981.

In fiscal year 1978, a total of 109 prime sponsors received consortium bonuses. The total amount provided was $39,504,969, which represented 10 percent of the new obligational authority funds received by the 109 prime sponsors in fiscal year 1978.

In fiscal year 1979, a total of 198 prime sponsors received bonuses. The total amount provided was $30,642,607, which represented 7.3 percent of the new obligational funds received by the 198 prime sponsors in fiscal year 1979.

For fiscal year 1980, a total of 104 prime sponsors received bonuses. The total amount provided was $9,018,584, which represented 2.2 percent of the allocations received by the 104 prime sponsors for fiscal year 1980.

The Department does not have any evidence that the primary reason for the breakup of any consortium was the reduction in the amount of the consortium bonus. At most, it would appear that it was just another consideration and not the most important consideration. With respect to some breakups, the available information indicates that the consortium bonus was not a factor at all. Local considerations, especially the desire on the part of some jurisdictions to operate their own programs, appears to be one of the most important factors in the breakup of consortia.

Question 3. Your statement does not address the other bills under consideration by the Subcommittee as requested in our letter asking you to testify. Can you now or will you, for the record, provide us with your views on these other proposals which have received significant support by both the Members and other witnesses that have appeared before us?

Answer. As was stated at the March 19 hearing, the Administration proposal draws on many of the features of the other youth bills now before the committee. We believe that the comprehensive approach of the Administration's proposal will accommodate most of the purposes of the bills. We will try to provide more detailed comments on the bills to the committee at a later date.

Question 4. You state that our expenditures for youth employment and training programs currently are $1.6 billion over the 1977 level. I assume that you are referring to the period prior to passage of the Youth Employment and Demonstration Projects Act. As this program currently only expends $825 million, where is the other $800 million expended?

Answer. The $1.6 billion figure was calculated from an early estimate of 1980 outlays. Our revised 1980 outlay estimates indicate that current expenditures for youth employment and training programs are $1.5 billion above the 1977 level. These estimates are based on expenditures in those CETA programs dealing exclusively with youth as well as expenditures for youth in CETA programs that also serve adults. A chart detailing this information is attached.

BUDGET OUTLAYS FOR YOUTH—DEPARTMENT OF LABOR CETA PROGRAMS—1977 AND 1980

[Millions of dollars]

	1977	[1] 1980
Youth programs:		
Job Corps	$202	$488, 700
SYEP	575	793, 700
YETP	4	720, 800
YCCIP		147, 100
YIEPP		94, 000
YACC		256, 100
Other CETA programs: CETA title I, II, VI [2]	1, 814	1, 574, 400
Total	2, 595	4, 074, 800

[1] Revised 1980 outlay estimates.

[2] Estimated outlays based on proportion of youth served as reported in Quarterly Summaries of Client Characteristics.

Question 5. On page two of your statement you suggest that the Administration's proposal consolidates local programs. Does not your bill actually replace an old set of acronyms for a new set? Are not your Special Purpose Grants and your Equal Chance Supplement just a new set of categorical programs based on grantsmanship?

Answer. Under the Basic Grants Section the new legislation provides core grants to Prime Sponsors without "categorical strings". This kind of funding permits localities to consolidate activities and allows maximum flexibility in programming. In addition to these basic grants, the new legislation offers Special Purpose Grants as financial incentives to encourage localities to respond to national priorities. The Equal Chance Supplement aims extra funds at areas with the higher concentration of need with no categorical restrictions on expenditures. The Special Purpose Grants and the Equal Chance Supplements add a new and needed dimension to our youth effort over and above the core consolidated effort.

Question 6. On page 4 of your statement you comment on building on existing programs. Why then have you abandoned the Entitlement Program and the 22 percent set-aside that seem to have been very effective in bringing the CETA system and the education system closer together?

Answer. Our new proposal does build on successful experience with existing programs. In terms of the 22 percent set-aside we believe that we have built a record of generally successful linkages with educational institutions during the demonstration period. However, we believe that the mechanism for promoting this cooperation can be improved while increasing the number of dollars earmarked for this purpose. Essentially we have replaced the 22 percent set-aside by a somewhat larger amount of funds for linked activities but have done it in a way that will promote better cooperation on both sides—both the prime sponsor and the LEA—and thus result in better quality programs in all areas.

Indeed education linkages appear throughout our proposal:

All work experience for school-age youth whether in or out of school must be linked with educational programs designed to provide acquisition of basic skills and basic education.

Prime Sponsors in areas including target schools funded under the Department of Education's Youth Education and Training Act are required to allocate sufficient funds from their Basic Grants to make adequate part-time work experience opportunities available for youths in such schools.

In addition, approximately $145 million will be directly earmarked for education incentive grants to finance programs developed cooperatively with Local Education Agencies. This amount in itself is larger than the value of the current YETP 22 percent set-aside.

In terms of the Entitlement Program, clearly this demonstration was intended as a temporary pilot. We are hopeful that Prime Sponsors will incorporate into their regular programs elements from these demonstrations that appear applicable in their individual communities. To the extent that funding permits, and that is a major consideration in these difficult times, there is nothing to preclude Prime Sponsors from incorporating promising ideas for the Entitlement experience.

Question 7. On page 10 of your statement you comment that the programs presently are highly targeted. Why then have you proposed an expansion of eligibility by providing that certain youth are categorically eligible? What is the eligible universe under your proposal compared to existing law and the other proposals under consideration by us?

Answer. Our proposal sets eligibility at 85 percent of the BLS lower living standard. This is the level currently required under YETP, the largest of the YEDPA programs. It is our best judgment that the 85 percent cut off includes a fairer share of youth who most need help than the 70 percent standard. (See answer to question 22.) The 85 percent will not result in less targeted programs but will only let us serve a fairer cut of the original target group.

We have also taken into consideration the numbers of youth nominally eligible versus the numbers not likely to seek help. Based on current employment patterns, our estimates indicate a difference of about 380,000 between the numbers of youth who would seek help at the 85 percent cut off level as compared with the 70 percent level.

Question 8. Why have you provided that 14 and 15 year olds can only participate in the summer youth program if an education component is included. Are all 14 and 15 year olds who are eligible doing poorly in school?

Answer. It is our view that a major activity of 14 and 15 year olds should be to acquire the basic educational skills that employers so often complain are lacking with the population our programs serve. We believe that for any youngsters summer work experience can contain and will be enriched b ythe inclusion of an educational component.

Question 9. What period of unemployment are you considering for eligibility? Can you be more specific on this?

Answer. We have been considering a number of options including a requirement that youth be available for a job search or waiting period of 4 to 5 weeks. We have not made any firm decision, however.

Question 10. On page 17 of your statement you refer to a highly targeted formula for the supplementary allocations. As I recall, this relies on youth unemployment data. Is this data available and reliable especially for small sample size areas in small States and sub-State areas?

Answer. The data on youth unemployment used in the supplementary allocation formula are for States only. The data used to derive the allocations provided to the Committee are 36 month averages of youth unemployment rates of 16–24 year-olds by State. Within States, each prime sponsor's unemployment rate is estimated using the ratio of its overall unemployment rate to the State's overall unemployment rate. The prime sponsor date on unemployment are derived using the BLS Handbook method.

Question 11. When you refer to "Commensurate resources be provided by the local educational agency," are you referring to a match dollar for dollar?

Answer. Yes; in most cases we expect a dollar for dollar match, however we would not preclude the possibility of in kind contributions.

Question 12. What is your position on funding alternative education programs under both titles?

Answer. If the programs available within the existing education system are not appropriate, alternative opportunities could be provided under either title of the proposed youth training and employment bill.

Question 13. Your proposal retains $150 mililon for discretionary programs. How does this compare with existing law in terms of discretionary dollars and if you now know what works best for whom do you need more money to do further demonstration?

Answer. Our proposal states that the Secretary's discretionary funds will be available for such activities as staff training and development, interagency programs, large scale projects, arrangements with community-based and neighborhood organizations, private sector intermediaries, labor-related organizations, local non-profit corporations and knowledge development and dissemination. Since the total amount requested for discretionary activities is $150 million, it is obvious that only a small portion of this will be designated for knowledge development as compared with the yearly effort under YEDPA which has come to about one-half billion dollars. Certainly it is not sensible to cut off all future knowledge development efforts no matter how vast the learning that has taken place to date.

Question 14. Your bill provides for a transition period. Could we not then simply extend the existing programs in order to provide sufficient time to develop a comprehensive bill for fiscal year 1982?

Answer. We feel there is ample evidence of need for the changes we are proposing as part of the youth legislation and that an extension would delay the introduction of some of the more substantive features. For example, the education program could not begin without a new authorization, nor could the YETP, YCCIP and SYEP programs be consolidated without the elimination of their separate titles. Finally, there will need to be legislative authorization to develop a supplement to the resource allocation formula which is concentrated on areas of greatest need. In all likelihood, the failure to enact a bill before 1982 will mean a two-year delay in implementing the new youth programs.

Question 15. A condition for receipt of funds under current Title IV youth programs is that services for youth under Title II cannot be reduced. It is our understanding that there has been some difficultly in establishing benchmarks for maintenance of youth services under Title II and, in fact, that the standards to control such substitution have been altered five times. According to a memorandum from Robert Taggart, Administrator of the Office of Youth Programs, to Ernie Green, Assistant Secretary for Employment and Training Administration, titled "Substitution Under the Youth Programs" dated January 24, 1979, the service level for youth under former Title I dropped from 52.1 percent in fiscal year 1977 to 48.8 percent in fiscal year 1978. The data available to us for fiscal year 1979 reports characteristics differently so as a consequence, we have no comparable data. The question remains, however, did your Field Memos on this matter allow substitution and specifically was it at the 60,000 level as indicated in the memorandum mentioned?

It is further our understanding that a waiver policy was established to permit substitution. Would you provide, for the record, a breakdown of the waiver requests according to justification and magnitude, that is, why a reduction in youth services was permitted and the level of each such reduction?

Answer. All Field Memoranda, policy statements, instructions, and guidelines issued by the Department of Labor, concerning maintenance of youth service levels clearly prohibited any type of substitution of Title IV funds for Title II youth programs or activities.

The guidance that was provided to prime sponsors established policies and procedures for defining, evaluating, and monitoring the maintenance of youth service levels. The major goal of the policy instructions was the development of a dynamic, clear, equitable, and consistent system of evaluating and measuring the maintenance of Title II youth service levels in all prime sponsor jurisdictions. A waiver system also had to be designed to take into account major changes in local labor market conditions, changes in levels of CETA formula allocations from one year to the next, changes in the prime sponsor programs required to serve specific target groups needing special consideration and services from one year to the next, and changes in the composition of prime sponsor consortium arrangements. The waiver policies established by the Department did not allow any substitution. A total of 174 prime sponsors (37 percent) requested waivers based on certified corrective action plans, significant segment considerations, and economic dislocation factors. All documentation submitted by the prime sponsors to justify their waiver requests was evaluated by a committee formed to review the documentation. A total of 151 of the total 174 requests were granted.

Question 16(a). Under YEDPA an "exemplary In-School Youth Programs Demonstration' 'is being conducted. Was this program evaluated and studied prior to the development of the education portion of your initiative? Are final evaluations of these programs avaibale for our review?

Answer. Many of the local projects funded under the first round of the Exemplary In-School Programs Demonstration Project in the summer of 1978 have either just completed their first funding cycle or have been extended through this fiscal year. The second round of Exemplary In-School projects are in their beginning stages of implementation. Research and knowledge development on the efficacy of the approaches being tested under this demonstration are continuing and integral activities of this demonstration project. However, to date, no conclusive evaluation data on the demonstration is available. Later this spring a report will be produced on program findings and outcomes reflecting the first-year experiences of the local demonstration grantees. Additionally, a schedule of knowledge development products has been designed for this demonstration to address specific policy relevant questions on the focus areas of the demonstration and to provide continuous evaluation data on the local programs' experiences. Presently, information on this demonstration is available in monthly reports reflecting program activities and preliminary client characteristic data and in several interim analytic reports based on ethnographic research initiatives.

Question 16(b). Under YEDPA a "Youth Career Development for School-to-Work" project is being conducted. Was this program evaluated and studied prior to the development of the education portion of your initiative? Are final evaluations of these programs available for our review?

Answer. These projects have a research component to add to the knowledge development goal on youth initiatives. Some preliminary findings are available on the projects. The Educational Testing Service has just completed the initial round of surveys on participants. In addition, monthly project reports and quarterly reports have provided some information on the activities of the research effort.

The final report on the program will be available on September 30, 1980, and will be made available to the Committee and the general public. Only the interim reports are available at this time.

Question 17. What is being done to assist prime sponsors for planning for fiscal year 1981 youth programs? For example, what regulation will you promulgate and when?

Answer. The Office of Youth Programs (OYP) has established a task force to focus attention on the principal implementation issues of the Administration's proposed new youth employment and training initiatives. This group is currently conducting meetings with CETA sponsors, educational representatives, community agencies, as well as Departments of Labor and Education key staff to determine the major implementation concerns from these various perspectives. We can not address the question of the content of regulations at this time until our work is completed on the implementation schedule.

Question 18. On the issue of maintenance of effort for services for youth, we understand that recently the Employment and Training Administration has promulgated an order that would effectively change the impact to require that prime sponsors use corresponding quarters. Would it not have been better to have promulgated this order about March 15 when the regulations were required on all titles to assist the prime sponsors in meeting this goal? Are changes in the demographics or the age of the local population being considered? Is the operation of an entitlement program being considered as a reason to reduce services to youth under Title II? What about the impact of a New Job Corps program?

Answer. The statute and the Department's regulations require that prime sponsors' title IV youth programs suplement, rather than supplant, their efforts on behalf of youth under title II. In monitoring and enforcing this provision, the Department had used, as a comparison base period, the second quarter of fiscal year 1977. Monitoring was done during the final quarter of each fiscal year. Prime sponsors were notified on May 15, 1979, that, in fiscal year 1980, the Department would monitor their program every quarter, and would use the prior year's second quarter as the base period. These instructions also contained criteria which would take into consideration changes in local economic conditions or demographic composition in determining the maintenance of youth service levels.

Because of comments from prime sponsors that this monitoring approach was too inflexible, a revised instruction was issued July 17, 1979, which rescinds the change of quarterly baseline data and clarifies that extraordinary circumstances or conditions (including the impact of such factors as the opening of a Job Corps center or the operation of a Youth Entitlement Pilot Project) will be evaluated in determining the effect on the established maintenance of effort youth service benchmarks.

Question 19. The Department has stated that the value of the work accomplished by the YACC nearly equals the cost of the program. Why then did the Department also suggest to the Subcommittee on Employment Opportunity in the hearings held last June that this is a relatively expensive program? If the value of the work accomplished is factored into the cost of the program as a cost offset, what is the cost per enrollee in this program?

Answer. The Department has stated that the value of the work accomplished by the Youth Adult Conservation Corps nearly equals the cost of the program. This statement was based on work output estimates for YACC developed from the regular work output measurement systems used by the U.S. Department of the Interior and the U.S. Department of Agriculture. Cost versus output measures computed on a comparable basis are not available for other CETA youth programs.

The statement that the YACC is a relatively expensive program was based on unit costs of the program. The YACC has a yearly unit cost of $11,250; in comparison, YETP has a unit cost ranging from $4,183 and YCCIP has a unit cost ranging from $7,756 to $8,400. There are a number of reasons for the higher unit cost of the YACC program. First and foremost, YACC has a dual function, to provide employment opportunities for young people and to perform needed conservation work on public lands. This duality tends to make the program more expensive than other youth work experience or employment programs because of the need to purchase equipment, materials, and supplies. Second, most of the supervisors in the program, unlike those for most CETA programs, are temporary General Schedule (GS) Federal Employees. This means that staff costs are higher than would otherwise be the case. Third, the YACC program, in accordance with the law, maintains a residential component, currently about 25 percent of all YACC slots. Residential programs are significantly more expensive than other types of programs.

Because of the value of the work output produced by YACC enrollees, the human services benefits of the program basically cost the Federal government nothing. This, of course, assume that the work performed by YACC would have been funded through other sources in the absence of the program.

Question 20. Do you feel that apprenticeship programs can be expanded into new areas we have proposed in H.R. 4465 and that non-residential skills training should also be expanded for disadvantaged youth?

Answer. Title VI of H.R. 4465 presents several worthy new initiatives for apprenticeship programs. As we continue to review the content and direction of the Department's apprenticeship program, we will consider as options the proposed initiatives. It should be recognized, however, that much of Title VI would entail expenditure of additional funds, and this must be considered in light of existing budgetary constraints.

We agree the nonresidential skills training should be expanded for economically disadvantaged youth. Although skill training is an important aspect of employment and training programs, it has generally been directed at young adult and adult participants under Title II of CETA, and to a much lesser extent to youth under Title IV. In fiscal year 1979 approximately 42 percent of the participants under Title II A, B and C were enrolled in classroom training, while only a little over 8 percent of Youth Employment and Training Program (YETP) participants received such services. The reason for this significant difference is the perceived need to provide young people with a wide range of exploratory experiences and basic skill remediation prior to settling down to specific skill preparation.

We believe that some youth, particularly older youth and youth who have left school but achieved basic education skills such as GED, can benefit from such training immediately because of their already developed capacity to perform in a classroom training setting, but that other youth will need to be helped to develop their capabilities further before being able to partake in skill training activities. We believe this can be accomplished by integrating classroom skill training activities into a comprehensive youth career development program which offers youth the complete spectrum of CETA services and activities in a sequential and graduated manner. Such services might include pre-employment assistance, preparatory work experience, remedial education, entry level and advanced skill training followed by transitional or career ladder employment related to the vocational skill training received. This approach further enables us to develop and benchmark competency acquisition, over time so that the cumulative achievement of participants may enable them to enter more skilled, higher paying employment.

Question 21. DOL has stated that the YACC sites are concentrated principally in the Northwest. Can you provide us with a breakdown on the number of sites per state and the number of enrollees per state? How can we better distribute the funds so each state receives a more equitable distribution?

Answer. Budget cuts in the YACC program have been proposed for fiscal year 1981, as well as a $41 million deferment of fiscal year 1980 funds. DOL is analyzing the impact these changes would have on the entire program. As part of this analysis, reallocation of slot levels among the States, to attain a more equitable distribution of funds, will be one of the issues addressed. Upon the completion of this effort DOL will forward its recommendations to the Departments of Agriculture and the Interior.

A breakdown of the number of sites and slots by State for the YACC program in fiscal year 1980 is attached. These do not take into the potential $41 million deferral.

YOUNG ADULT CONSERVATION CORPS, NUMBER OF SLOTS AND SITES BY STATE, FISCAL YEAR 1980

Name of State	Federal program						State grant program						Total YACC					
	Sites			Slots			Sites			Slots			Sites			Slots		
	Resident	Nonresident	Total	Resident	Nonresident	Total	Resident	Nonresident	Total	Resident	Nonresident	Total	Resident	Nonresident	Total	Resident	Nonresident	Total
Alabama	0	14	14	0	171	171	2	10	12	30	128	158	2	24	26	30	299	329
Alaska	8	15	23	522	378	900	0	3	3	0	14	14	8	18	26	522	392	914
Arizona	5	33	38	350	574	924	0	13	13	0	113	113	5	46	51	350	687	1,037
Arkansas	2	19	21	95	97	192	0	10	10	0	83	83	2	29	31	95	180	275
California	11	90	101	939	1,063	2,002	22	1	23	1,101	38	1,139	33	91	124	2,040	1,101	3,141
Colorado	1	38	39	70	761	831	2	11	13	22	68	90	3	49	52	92	829	921
Connecticut	0	2	2	0	3	3	1	5	6	32	137	169	1	7	8	32	140	172
Delaware	0	1	1	0	15	15	0	3	3	0	21	21	0	4	4	0	36	36
Florida	1	25	26	145	161	306	1	15	16	52	186	238	2	40	42	197	347	544
Georgia	1	33	34	75	169	244	1	26	27	25	146	171	2	59	61	100	315	415
Hawaii	0	4	4	0	87	87	0	4	4	0	37	37	0	8	8	0	124	124
Idaho	5	47	52	350	453	803	0	7	7	0	37	37	5	54	59	350	490	840
Illinois	0	15	15	0	120	120	1	6	7	85	250	335	1	21	22	85	370	455
Indiana	0	7	7	0	134	134	1	17	18	41	51	92	1	24	25	41	185	226
Iowa	0	0	0	0	0	0	3	5	8	42	102	144	3	5	8	42	102	144
Kansas	0	6	6	0	50	50	1	10	11	18	58	76	1	16	17	18	108	126
Kentucky	0	11	11	0	214	214	0	10	10	0	116	116	0	21	21	0	330	330
Louisiana	0	11	11	0	122	122	1	8	9	32	110	142	1	19	20	32	232	264
Maine	0	9	9	0	166	166	1	0	1	31	0	31	1	9	10	31	166	197
Maryland	0	7	7	0	95	95	1	7	8	30	146	176	1	14	15	30	241	271
Massachusetts	0	6	6	0	48	48	1	35	36	42	258	300	1	41	42	42	306	348
Michigan	0	31	31	0	473	473	1	3	4	72	214	286	1	34	35	72	687	759
Minnesota	1	37	38	40	280	320	2	21	23	42	743	785	3	58	61	82	1,023	1,105
Mississippi	0	29	29	0	289	289	1	7	8	20	77	97	1	36	37	20	366	386

Missouri	0	26	26	0	300	300	1	21	22	36	176	212	1	47	48	36	476	512
Montana	4	19	23	260	619	879	0	5	5	0	26	26	4	24	28	260	645	905
Nebraska	1	2	3	0	74	74	1	1	2	12	36	48	2	3	5	12	110	122
Nevada	1	9	10	100	272	372	0	1	1	0	17	17	1	10	11	100	289	389
New Hampshire	0	7	7	0	59	59	0	5	5	0	47	47	0	12	12	0	106	106
New Jersey	2	4	6	125	52	177	3	34	37	83	250	333	5	38	43	208	302	510
New Mexico	1	43	44	53	808	861	0	3	3	0	43	43	1	46	47	53	851	904
New York	0	10	10	0	152	152	4	27	31	150	489	639	4	37	41	150	641	791
North Carolina	0	26	26	0	318	318	1	29	30	28	229	257	1	55	56	28	547	575
North Dakota	1	2	3	90	7	97	1	3	4	16	54	70	2	5	7	106	61	167
Ohio	0	10	10	0	110	110	3	7	10	225	240	465	3	17	20	225	350	575
Oklahoma	2	13	15	165	236	401	1	7	8	20	70	90	3	20	23	185	306	491
Oregon	2	61	63	125	640	765	0	6	6	0	72	72	2	67	69	125	712	837
Pennsylvania	0	14	14	0	191	191	2	88	90	71	282	353	2	102	104	71	473	544
Rhode Island	0	1	1	0	11	11	0	5	5	0	28	28	0	6	6	6	39	39
South Carolina	0	16	16	0	102	102	1	9	10	30	81	111	1	25	26	30	183	213
South Dakota	1	2	3	40	25	65	2	5	7	16	15	31	3	7	10	56	40	96
Tennessee	1	17	18	18	225	273	1	6	7	63	126	189	2	23	25	71	381	467
Texas	0	15	15	0	138	138	1	23	24	100	320	420	1	38	39	100	458	558
Utah	1	44	45	30	721	751	0	1	1	0	48	48	1	45	46	30	769	799
Vermont	0	7	7	0	48	48	0	13	13	0	34	34	0	20	20	0	82	82
Virginia	0	20	20	0	358	358	1	23	24	22	193	215	1	43	44	22	551	572
Washington	7	44	51	454	570	1,024	3	3	6	54	84	138	10	47	57	508	654	1,162
West Virginia	0	13	13	0	173	173	1	7	8	17	52	69	1	20	21	17	225	242
Wisconsin	1	27	28	50	285	335	4	24	28	28	233	261	5	51	56	78	518	596
Wyoming	2	4	6	165	16	181	0	5	5	0	15	15	2	9	11	165	31	196
American Samoa	0	1	1	0	45	45	0	0	0	0	0	0	0	1	1	0	45	45
District of Columbia	0	6	6	0	263	263	0	2	2	0	23	23	0	8	8	0	286	286
Guam	0	1	1	0	45	45	0	0	0	0	0	0	0	1	1	0	45	45
Northern Marianas	0	1	1	0	20	20	0	0	0	0	0	0	0	1	1	0	20	20
Puerto Rico	0	3	3	0	53	53	2	5	7	25	58	83	2	8	10	25	111	136
Trust Territory	0	7	7	0	190	190	0	0	0	0	0	0	0	7	7	0	190	190
Total	62	965	1,027	4,313	13,027	17,430	76	607	683	2,713	6,484	9,197	138	1,572	1,710	6,974	19,563	26,537
Virgin Islands	0	0	0	0	0	0	0	2	2	0	10	10	0	2	2	0	10	10

Question 22. The Youth Employment and Training Program presently has an eligibility standard of 85 percent of the BLS lower living standing while eligibility for other programs under CETA is 70 percent. The bill I have introduced provides for 70 percent eligibility. Do you think it would be advisable to have a uniform eligibility standard?

Answer. While the eligibility requirement for the bulk of the CETA programs is 70 percent of the BLS lower living standard, some, like Title VI, have different eligibility requirements. We believe it makes sense to set eligibility for the youth programs at 85 percent of the BLS level. It should be borne in mind that the BLS living standard budgets are based on family income. More specifically, these budgets are based on the income of adult family members. In the case of adult programs, such standards relating to current income would seem to provide fair judgments for eligibility determinations based on current need. However, such standards are necessarily less accurate in judging the long-term needs of youth within that family. Current family income may be a very poor predictor of the need of a youth for employment and training assistance which may be much more importantly affected by long-term problems of income deprivation, educational deficiency and behavioral problems. Admittedly, decisions to set eligibility at a percentage of the living standard are somewhat arbitrary—no matter what the percentage. But it was our best judgment that we should assume that the 85 percent cut off, together with injunctions to program administrators to focus resources on those youths with other obvious indicators of need, included a fairer share of youth who most needed help than the 70 percent standard—although by no means are we able to take care of all youth who seriously need service even at the 85 percent level.

Question 23. Current law authorizes 10 percent of the funds to be used for programs which include youth of all economic backgrounds. Our bill would modify this provision by allowing 20 percent of the youth served to be exempted from the income limitations provided they have other barriers to employment. Do you think this flexibility is desirable? How have prime sponsors used the 10 percent fund?

Answer. Although a number of prime sponsors have conducted mixed income experiments, preliminary information indicates that many of those were run without establishing the research criteria necessary to draw defensible conclusions.

The Office of Youth Programs is now conducting more structural experiments to enable us to draw conclusions. Until such information is available, we believe it would be difficult to justify an increase in the proportion eligibility exceptions. However, we believe prime sponsors should have some flexibility in this regard so we have retained the 10 percent.

Question 24. What percentage of the YETP funds have gone for on-the-job training? How does this compare with Title II OJT activities?

Answer. As of September 30, 1979, the latest reporting period on the DOL's official reporting system, 2.1 percent of the total YETP expenditures went for OJT activities. For the same period, 12.2 percent of the total Title II funds were spent for OJT activities. In trying to make any comparisons of these two figures, it should be noted that the amount of funds spent on an activity in Title II cannot be broken out to show what share of that money went to youth, or any specific age group.

AS OF SEPT. 30, 1979

[Dollar amounts in millions]

	YETP	Title II
Total expenditures	$361	$1,368
OJT share	$7	$166
Percent	2.1	12.2

Question 25. Prime sponsors are prohibited from reducing services to youth under other titles of CETA. Some primes have complained that this prohibition limits their ability to serve other segments of the populaion based on local needs. Has there been a reduction in youth services in Title II as a consequence of services available under Title IV?

Answer. The Department of Labor has developed guidelines for evaluating the maintenance of youth service levels. Baseline youth service levels have been established and monitoring policies developed which provide adequate time periods for meeting baseline youth services.

In terms of aggregate participant totals, the reductions in youth service levels appear to be modest, with an offset of only one-tenth of the impact of YETP and YCCIP enrollments in 1978 and one-fifth in 1979.

The YEDPA programs significantly increased the resources for youth at a time when adult program (PSE) resources were greatly reduced. In order to definitively assess and define the specific impact of substitution, independent of the impact caused by program design changes or increased program costs, would require significantly detailed CETA program data and participant information which analyzes the impact of youth funding over an extended period of time.

Question 26. Under the 1978 CETA amendments, DOL is required to report to Congress on its recommendations, including legislation for improving the Employment Service. Why has this report which was due on February 1, 1979 not been submitted?

Answer. The Department has spent many months studying ways the Employment Service (ES) can be improved and consulting with concerned public interest groups in order to obtain their views and suggestions. We have decided not to recommend legislation at this time.

We do, however, expect to look into possible amendments to the Wagner-Peyser Act in conjunction with CETA reauthorization in 1982. These two laws, which together form the basis of the nation's employment and training system, should be considered in tandem, particularly if we are to deal with issues relating to coordinating the two systems.

In the meantime, however, the Department will take a number of administrative steps which we think will improve ES operations. These will be outlined in the Report to be submitted to Congress.

Question 27. While the number of young people registering with the Employment Service has increased each year, the Employment Service has remained static at 30,000 positions for nearly a decade. What recommendation did the Department make to OMB for fiscal year 1980 Employment Service funding?

Answer. The Department recommended 30,000 positions for the Employment Service in both the fiscal year 1980 and 1981 requests to OMB.

Question 28.—Funding allocation for the Employment Service places a premium on placement. This encourages services to youth and other hard to place individuals and, as well, discourages employment services which do not result in Employment Service placement such as self-placement efforts, job search workshops, etc. Why hasn't the Department of Labor moved to replace the allocation formula with one which would encourage greater service to the hard to place?

Answer. While it is true that the ES Grants allocation system from Fiscal Years 1975 through 1979 placed a premium on placements, there is not conclusive evidence that it constituted a disincentive for the delivery of appropriate services to youth and other hard-to-place individuals. During this period under the Balanced Placement Formula and later the Resource Allocation Formula, productivity of individuals placed per staff-year worked increased 51 percent. Equally important, as the total number of job placements increased, placements of individuals in target groups (including youth) also increased. In almost all instances, these increases were at a rate equal to or greater than the overall rate.

Although the formula seems to have served the intended purpose of encouraging increased productivity, it was complex and vulnerable to criticism. As a result, the Department of Labor has set aside this largely performance-oriented allocation system for fiscal year 1980. The allocation for fiscal year 1980 is based primarily on the application of a needs-based methodology utilizing the prior year base staffing level.

Preliminary research has been completed on a new allocation methodology for possible application in fiscal year 1982. Four factors, among others, figured prominently in the potential distribution of resources based on needs:

Civilian labor force, employment, low income adults, and unemployed persons.

These factor, if used for a distribution of Employment Service resources, should adequately represent the needs of youth since they form a significant proportion of the labor force, the unemployed, and low income persons.

Question 29.—Should special Employment Service resources be set aside to deal with youth employment problems, and particularly for hard-to-employ youth? What should be used as the basis (funding formula) for these supplemental services?

Answer. Youth now constitute one of the major clientele groups served by the Employment Service. For example, youth constitute 40 percent of the individuals placed by the Employment Service. We do not think it is realistic, given existing staffing and funding constraints, to set aside staff or funds for youth. This would also remove some of the flexibility of the Employment Service to respond to changing priorities.

The Administration's youth proposal would permit CETA prime sponsors to subcontract with the Employment Service (as they do now) to provide supplemental services to youth (over and above what can be provided out of regular ES funding).

Question 30. To what extent have the partnership programs funded under section 307 of CETA provided for coordinated delivery of ES and CETA services to youth? To what extent will funds under section 307 be available for such services in fiscal year 1981? What is the Department's program for encouraging and rewarding inter-agency coordination among employment and training service providers?

Answer. The Department is committed to furthering the coordination and linkages between CETA and the Employment Service (and other service providers). This is evidenced by a number of recent actions, including: steps to encourage coordination between the two planning systems, including the recent requirement that cooperative agreements be developed; clear definition of the responsibilities of both systems for the Targeted Jobs Tax Credit to ensure that the activities of each complements the other and duplication is avoided; and the recent identification of the integration of the two systems as a goal for the Department. It is our fiscal year 1981 plan to begin the implementation of administrative steps which can be taken under current legislation to further promote linkages and to develop a coordinated legislative strategy to achieve integration at the time CETA and the Wagner-Peyser Act are under consideration.

The Department did not provide funding under section 307 in fiscal year 1980. This was not a lack of commitment, but rather a recognition of other priorities. The quetsion of future funding under section 307 will be addressed in the process of developing an overall strategy to further integration of the two programs.

Question 31. Currently, less than 10% of the Job Corps enrollees are nonresidential. Would it not be possible to provide a substantial expansion of Job Corps services by increasing nonresidential opportunities?

Answer. We would support an expansion in the number of remedial education and skills training opportunities available to severely disadvantaged young people. Over the years Job Corps has been demonstrated to be one of the most effective training programs for disadvantaged young people. Recent independent studies of the program demonstrate conclusively that this continues to be true. However, for a number of reasons, we would prefer that a substantial increase in nonresidential skills training opportunities be made available through title I of the Administration's proposed Youth Employment and Training Act rather than in Job Corps.

First, Job Corps is primarily a residential program. We feel that the unique residential focus of the program contributes to its success. Second, an increase in the nonresidential component of the program would require a substantial amount of construction outlays to expand the classroom and vocational facilities at Job Corp centers. During the recent expansion of the program, most existing centers were increased in size. To increase them further would require the construction of new facilities. Third, we would prefer that any expansion of Job Corps, either residential or nonresidential, be deferred until new centers under the current expansion be given time to reach steady state operation. We project that this will occur during fiscal year 1982. Fourth, the current allowance structure in Job Corps (with a maximum living allowance of $100 per month) limits our ability to recruit and retain nonresidential youth unless they are receiving public assistance or have some other source of income.

There is no question that an expansion of skill training opportunities is needed for disadvantaged young people. However, this goal could be achieved much more easily and quickly through local CETA programs for youth under the President's Youth Initiative.

Question 32. Does the Administration's bill eliminate the current provision for a disregard of income earned by participants in a CETA youth program?

Answer. Yes, in order to be consistent with the definition of income contained in the Administration's proposed welfare reform bill and to improve incentives for transition to private sector employment, we would eliminate the current disregard provision.

Question 33. How will prime sponsors reconcile the conflicts contained in the Administration's bill as to who is to be served by CETA youth programs? Specifically, while DOL has stated that the CETA title is intended primarily for out-of-school youth, and while section 402(c) requires priority service to youth who are "experiencing the most severe handicaps in obtaining employment", section 412(e) states that primes are to provide "adequate part-time work experience opportunities for students of target schools". Will prime sponsors have discretion to determine priorities for service among the various groups of needy youth?

Answer. Our legislative proposal emphasizes local flexibility in determining mix of services. Allocations will go to prime sponsors for use as general purpose grants. Primes will be able to use funds for such activities as work experience, skill training, on-the-job training and community improvement projects. In addition to the basic grants, there will also be incentives for serving certain priority categories of youth, most of whom are out-of-school. Our projection of anticipated service levels are estimates, based on extensive consultations, of how we expect Primes will opt to use funds. In general, this proposal emphasizes the discretion of Prime Sponsors in making decisions about service.

Question 34. Why has the Department chosen to eliminate the requirement that each prime sponsor set aside 22 percent of its basic grant for programs developed cooperatively with the local education agency? Would not the proposed competitive program tend to channel funds to areas where such cooperation has reached a rather high level, rather than encouraging it where it has not developed sufficiently? (There is evidence that the 22 percent requirement has led to new levels of cooperation between primes and LEAS).

Answer. In general the Administration's bill uses the incentive approach rather than a series of special setasides because we feel that such an approach is a more effective way to carry out national objectives. Of the funds available for incentive grants, a separate category has been established for Education Cooperation Incentive Grants. (38 percent of the amount allotted for incentives). These grants would be allocated on a formula basis so that they would not be concentrated in high performance areas. To receive these fixed allocations a prime sponsor need only submit a joint plan for cooperation with local educational agencies for the specified purposes. No competition among prime sponsors would occur.

Question 35. Regarding the Youth Opportunity Council—way doesn't the bill specify the sectors of the employment and training community to be represented, as the current law does? Specifically, youth-serving agencies and the local community are not mentioned.

Answer. The Youth Opportunity Council will supplement and be formed in addition to the existing Prime Sponsor's Planning Council. Since the Planning Council is required to include youth-serving agencies and the local community it was not felt necessary to add additional representatives of such groups.

Question 36. Regarding the Targeted Jobs Tax Credit—it appears that more than half of the tax credit vouchers issued to youth (especially to those youth employed in the fast-food industry) have been "retroactive" certifications—i.e., the youth were already employed when the voucher was issued. Some employers are even giving eligible youth a day off from work, and a bonus for making application for a tax credit voucher. Wouldn't you say that such a practice indicates that to a substantial degree the TJTC produces additional profit for these employers—rather than constituting an incentive for the hiring of youth—since the youth were already hired anyway?

Answer. Before responding to the specific question, let me first point out reliable data on retroactive certifications do not currently exist. The indications of retroactive certifications are based only on general responses from State officials involved in the administration of TJTC.

Let us now turn to your questions about the implications of retroactive certifications. In general, it is correct to say that hires which took place before workers were certified are not likely to have been influenced by the TJTC. However, the TJTC may still have a positive impact even on these target group workers since the availability of the tax credit might encourage firms to retain these workers longer than would have been the case in the absence of the credit.

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A second point to remembers is that the TJTC may be a sound, cost-effective job creating device even if much of the credit always go to pay for workers who would have been hired without the credit. Our original estimates were that only 1 of 5 workers claimed under the credit would represent net new jobs for target group workers. Were this ratio to prevail, the cost per job of the TJTC induced employment would be reasonable in comparison to other job creating mechanisms.

Finally, we must remember that retroactive certifications are one way to elicit active participation by employers in the future. Unless employers see some benefit to their business, they will not alter their recruitment practices to increase their hiring of target group workers. The use of retroactive certifications is one way to make employers aware of the program and to see that the target group workers who need jobs are not so unlike many existing workers ordinarily hired by the firm. In some cases, retroactive certifications have helped improve the relationship between the Job Service and the employer.

As the credit program begins to mature, we expect to see a decrease in retroactive certifications and an increase in net employment effects generated by the TJTC.

Question 37. Regarding sub-minimum wage—it also appears that many of the employers who now receive waivers under the Fair Labor Standards Act allowing them to employ young students at 85% of the minimum wage are also fast-food outlets (and other low-wage/high turnover employers who make up the so-called secondary labor market). Doesn't your current experience with the 85% waivers show that, again, such sub-minimum provisions actually result in extra profits for industries who normally hire youth anyway—rather than resulting in increased opportunities for youth in career-ladder jobs in the primary labor market.

Answer. When restaurants were included in the minimum wage provisions of the Act, Section 14 was amended to specify that full-time student employment at subminimum wages be limited to the number of full-time students who were employed at less than $1 an hour during the twelve-month period immediately prior to the effective date of the amendment. Thus, the certificate program merely permits a continuation of an established practice in the industry. In addition, certificates authorizing the employment of 6 or less students can be issued to an employer without regard to prior employment history.

The legislative history and statutory language do not suggest that Section 14(b) was intended to increase opportunities for youth in career-ladder jobs.

As you point out, fast food establishments do take part in the full-time student program, and the Department of Labor views such employment as one of a number of ways to bring students into the workforce. These jobs provide essential experience in developing an attachment to work, in developing good work habits and discipline and offer full-time students some means of continuing their education while working part-time.

YOUTH EMPLOYMENT ACT OF 1979
Part 4

TUESDAY, MARCH 25, 1980

House of Representatives,
Subcommittee on Employment Opportunities
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10:05 a.m., pursuant to call, in room 2175, Rayburn House Office Building, Hon. Augustus F. Hawkins (chairman of the subcommittee) presiding.

Members present: Representatives Hawkins, Weiss, Petri, and Tauke.

Staff present: Susan Grayson, staff director; Carol Schanzer, administrative assistant; Nat Semple, minority senior legislative associate; Stephen Juntila, legislative associate.

Mr. Hawkins. The subcommittee is called to order.

The hearing this morning is a continuing of the hearings on Youth Employment and Training Proposals, and this specific hearing is on title VII of the Comprehensive Employment and Training Act.

The first witness this morning is Mr. Markley Robert, economist for the AFL–CIO.

Mr. Robert, we welcome you to the hearing. Your prepared statement in its entirety will be entered in the record at this point. You may proceed to deal with it as you so desire.

[Prepared statement of Markley Robert follows:]

Prepared Statement of Markley Robert, Economist, American Federation of Labor and Congress of Industrial Organizations

Mr. Chairman, we appreciate this opportunity to express some of the concerns of the AFL–CIO about youth legislation currently under consideration by this Subcommittee.

We recognize that the Administration and many members of Congress are supporting extremely restrictive federal budget policies which discourage even modest improvements in employment and training programs and threaten to cut back existing programs for young people and adult workers.

Therefore, we commend you and the members of this Subcommittee for your continuing concern for improvement and expansion of employment and training opportunities. The AFL–CIO will continue to work with you in protecting and improving these programs.

We have considerable concern that expectations for new youth programs and congressional action on new youth legislation may result in diminished support for current CETA and YEDPA youth jobs and training programs, because of the current misguided budget-cutting climate. For example, we note that the Administration's youth initiative proposal calls for only $50 million in planning money for fiscal 1981 and that the program would not go into effect until fiscal 1982.

We strongly urge that CETA and YEDPA youth jobs and training programs be maintained at least at current levels in fiscal 1980 and fiscal 1981 and until such time as the new youth initiative is fully funded and can pick up all of the YEDPA slots.

There are a number of bills before this Subcommittee to revise and improve the nation's youth employment and training programs, including the Administration's youth initiative proposal, H.R. 6711.

We support the concept embodied in the Administration's new initiative on youth education, employment and training. The administration bill, H.R. 6711, is a significant step in the right direction of providing both skills and jobs for young people who are often unemployed because of a lack of education and training.

The Administration's youth initiative program draws on the experience gained from the Youth Employment and Demonstration Projects Act of 1977, which the AFL–CIO supported. It also reflects our longtime concern that education and training must involve close collaboration between the education community, government, labor and business.

We are pleased to note that the Administration's proposed Youth Act of 1980 retains from the YEDPA law Section 442 relating to wages and Section 443 with its prohibitions against displacement of currently employed workers and against substitution for work that would otherwise be performed and with its requirements for notification and consultation with appropriate labor organizations.

The AFL–CIO believes the Administration's youth initiative will improve education, training and employment opportunities for disadvantaged youth. The assistance provided for both vocational and basic education will assure students not planning to attend college the same resources and preparation at the secondary level as college-bound students.

We call upon Congress to make certain that vocational and basic educational facilities and services will be made available to those most in need in the inner cities and rural areas. Youth unemployment will be diminished only when those minority young people most affected have access to educational opportunities that provide increased emphasis on academic skills combined with a program of broad technical skill training.

We urge more realistic guidance counselling on vocational opportunities in the middle school years to give students the time to consider entry into previously non-traditional work areas for both men and women. Improved standards of performance for vocational education schools and programs can be best realized through support for teacher training, upgrading and modern equipment.

Vocational Education can offer young people a practical and realistic insight into the world of work; it should not mean that vocational education students are encouraged to leave school at an early age for low-skill, low-paid jobs. Work experience can teach vocational education students much about labor and collective bargaining and should not be an excuse to pay subminimum wages or undermine established working conditions.

The AFL–CIO and its affiliates are pledged to work with teachers and business and industry to effectively assist in the education an dtraining of young people, many of whom are the children of our members.

With these comments on the Administration program, I turn now to H.R. 4465, the youth employment bill sponsored by the Chairman of this Subcommittee and the Chairman of the full Committee and more than 50 cosponsors.

We support the general direction and the scope of H.R. 4465 with its proposed expansion of the existing Youth Incentive Entitlement Program, the Youth Employment and Training Program, and the Job Corps Program with non-residential skill centers.

However, we are concerned about the proposed Part C which aims at authorizing youth employment projects in federal executive agencies. Even if we assume what is unlikely in the current budget-cuitting climate—that special funds for such purposes would be available without diminishing other federal funds for such federal projects—there are serious dangers that regular workers on federal and private payrolls would be displaced and that established wages and working conditions would be undermined. This is expliciet
ly opened up by Section 497, Subsection (a).

We are sympathetic to the general purpose of another bill, H.R. 5876, to increase youth job creation and training through national community-based organizations and demonstrated effectiveness in delivering employment services—like the AFL–CIO Human Resources Development Institute and other union-related organizations.

Likewise, we are sympathetic to the general purpose of H.R. 6796, which would revise the CETA Title VII private sector initiative program with more coordination of private industry programs and local economic development activities under the Public Works and Economic Development Act of 1965.

Accordingly, we will continue to work with this Subcommittee and with the Congress in developing the authorizing legislation and assuring sufficient appropriations, so that realistic youth employment and training combined with enhanced vocational and basic education, will be effective in reducing youth unemployment and providing the nation with a more qualified workforce for generations to come.

Mr. Chairman, as I noted earlier in this statement, the AFL-CIO is very much concerned that the current budget-cutting fever may result in cutbacks in existing employment and training programs under CETA and under YEDPA.

We strongly urge that CETA jobs and training programs and YEDPA youth jobs and training programs be maintained at least at current levels in fiscal 1980 and fiscal 1981 and until such time as new youth programs are fully funded and can pick up all of theexisting YEDPA slots.

STATEMENT OF MARKLEY ROBERT, ECONOMIST, AFL-CIO

Mr. Robert. Thank you, Mr. Chairman.

We appreciate this opportunity to present some of the concerns of the AFL-CIO about youth legislation currently under consideration by this subcommittee.

We recognize that the administration and many Members of Congress are supporting extremely restrictive Federal budget policies which discourage even modest improvements in employment and training programs and threaten to cut back existing programs for young people and adult workers. Therefore, we commend you and the members of this subcommittee for your continuing concern for improvement and expansion of employment and training opportunities. The AFL-CIO will continue to work with you in protecting and improving these programs.

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We strongly urge that CETA and YEDPA youth jobs and training programs be maintained at least at current levels in fiscal 1980 and fiscal 1981, and until such time as the new youth initiative is fully funded and can pick up all of the existing YEDPA slots. There are a number of bills before this subcommittee to revise and improve the Nation's youth employment and training programs, including the administration's youth initiative proposal, H.R. 6711.

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The administration's youth initiative program draws on the experience gained from the youth employment and demonstration project of 1977, which the AFL-CIO supported. It also reflects our longtime concern that education and training must involve close collaboration between the education community, government, labor, and business.

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We will call upon Congress to make certain that vocational and basic educational facilities and services will be made available to those most in need in the inner cities and rural areas. Youth unemployment will be diminished only when those minority young people most affected have access to educational opportunities that provide increased emphasis on academic skills combined with a program of broad technical skill training.

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We urge strongly that CETA jobs and training programs and YEDPA youth jobs and training programs be maintained at least at current levels of fiscal 1980 and fiscal 1981, and until such time as new youth programs are fully funded and can pick up all the existing YEDPA slots.

That completes my statement. I will be happy to answer any questions, Mr. Chairman.

Mr. HAWKINS. Thank you, Mr. Robert.

Mr. Robert, we have heard testimony of some difficulties being encountered in union agreements with economic development under the CETA program. Are you personally aware of any such problems?

Mr. ROBERT. I know there are problems, but I don't think they are irreconcilable. I think they are problems that can be solved if there is discussion and consultation. This is one thing that our HRDI people, out in some 50 cities, have been doing themselves in terms of facilitating and improving the communications, so that these can be worked out.

So I am aware of problems, but I think our existing institutions can certainly deal with them.

Mr. HAWKINS. Have you had any difficulties with the wage subsidy under the entitlement program?

Mr. ROBERT. We have had some reports to our HRDI people that there have been problems there, yes, that is true. We have had reports of problems. My understanding, based on talking to our people in the HRDI, is that most of these, not all, but most of these the situation has been improved. The situation has been alleviated because when the concerned, and the union positions have been explained, there seems to be a better understanding as to how to deal with and how to solve the problems. But there have been problems, yes.

Mr. HAWKINS. Would you say that you would have no objections to retaining the present provision allowing for the wage subsidy under the entitlement program?

Mr. Robert. We don't have any objection to the continuation of the existing programs. We do hope that there will be increased sensitivity and awareness of this problem of the wage standards in this program.

Mr. Hawkins. I take it that in general it is fair to say that you have no objections to, or you would favor an expansion, then, of the

Mr. Robert. No, we are not opposed to expansion of the program.

Mr. Hawkins. In your statement, in several places, you have mentioned supporting a maintenance of the current job and training programs at the fiscal year 1980 and 1981 levels. May I state it a little differently. Under the CETA Act, there is a triggering mechanism that provides that as unemployment goes up, the title VI, should be expanded, so that currently if that mechanism were actually operative, it would mean that the jobs under that particular title would be at roughly 900,000 rather than the recommended 200,000 number recommended by the President in the budget, and recently proposed to be cut back by another 50,000 by the House Budget Committee.

Are you opposed to the operation of that mechanism during rising unemployment, rather than simply a maintenance of the current level?

Mr. Robert. We are very much opposed to the position that the administration seems to be taking in connection with this trigger program. We believe the trigger was put in there for the specific purpose of increasing the number of job slots as the overall unemployment level went up.

We are very much distressed and very much concerned about the approach that the administration is taking, which seems to me, in effect, to be going contrary to the will and the intent of the Congress in putting that trigger into title VI.

So when I say that we want to maintain the levels, we don't want to see any drop in existing programs, and where the trigger is operative and should be operative, we want to see the number of slots increase, and we want to see the administration request, and we want to see Congress appropriate the funds necessary for those additional slots.

Mr. Hawkins. Thank you, Mr. Robert.

Mr. Tauke?

Mr. Tauke. Mr. Chairman, I have no questions.

Mr. Hawkins. Mr. Petri.

Mr. Petri. Thank you, Mr. Chairman.

I will only ask questions in one area. I think some economists make an argument that the minimum wage and youth unemployment are related, and that the minimum wage prevents people without much work experience from moving quickly and easily into the labor market and finding jobs.

What is your response to that?

Mr. Robert. First, we think that there is no evidence that this is true. We have examined very carefully all the studies that have occurred. As you can imagine, this subject keeps coming up again and again, so we have studied all the various surveys, both academic studies and the Government studies.

First of all, there is no clear evidence that this is the case. It is a situation where economic theory tells you one thing, and the world does not really seem to operate that way. In fact, what has happened is that the last time the minimum wage went up—I am thinking now at the beginning of 1979—youth unemployment went down. So the correlation between higher minimum wage or the minimum wage and employment and unemployment for young people certainly is tenuous, if it exists at all.

We are also concerned that the evidence indicates that if employers have an opportunity to get a subsidy in one form or another for young workers, and that subsidy is through a lower minimum for young people or through some kind of direct subsidy, or through some kind of particular tax break, there will be some substitution of the young workers for older workers.

Again, economic theory suggests that this is true, and there is a number of studies that indicate that this has, in fact, happened, where a subsidy has been available to employers, the employers quite naturally will hire a worker who carries a subsidy of some sort, rather than hire an older worker, or a worker of any age who does not carry a subsidy.

So I think you raise an issue which I think is very important to us in the unions, not only because we are opposed to the subminimum as a general matter of principle, but also because we are concerned about the displacement and substitution effects that would result from that kind of subsidy or subminimum.

Mr. PETRI. One other question. Are you satisfied that enough is being done about employer groups and union representatives working together in designing vocational programs where people are being trained for jobs that actually exist, or that are in demand out there in the market place?

You can train people and work with them, and if you are not plugging into industry and its plans in the work market, you are doing a bad thing rather than a good thing.

Mr. ROBERT. A short answer to your question is, no, we are not satisfied.

I think this is one area where cooperation between unions and industry people, not only through the title VII PIC's, but also in general throughout our educational system, we encourage our union people in the cities and counties across this country to make an effort to get vocational education to be made more realistic. One obvious way to do this is to involve the union and the business employers in working with the vocational education system.

So we have been very strong in pushing that kind of cooperation.

Mr. PETRI. Thank you.

Mr. HAWKINS. Thank you, Mr. Robert. We appreciate your testimony before the subcommittee. I certainly wish to again express the appreciation of the subcommittee for the cooperation which you have extended to us and to the staff.

Mr. ROBERT. Thank you.

Mr. PETRI. What happened to Mr. McGlotten?

Mr. HAWKINS. Mr. Robert is filling in for Mr. McGlotten. Is that correct?

Mr. ROBERT. Yes, sir.

Mr. **Hawkins**. Thank you.

The next witness is Mr. William H. Kolberg, president of the National Alliance of Business.

Mr. Kolberg, since your last appearance before this committee, you have assumed a new role as president of the National Alliance of Business. We commend you, and wish to express appreciation of the subcommittee for the close cooperative relations we have always enjoyed with you. We look forward to your testimony this morning.

[Summary and prepared statement of William H. Kolberg follows:]

SUMMARY OF REMARKS BY WILLIAM H. KOLBERG, PRESIDENT, NATIONAL ALLIANCE OF BUSINESS

The National Alliance of Business supports the four year reauthorization of the Private Sector Initiative Program, Title VII of the Comprehensive Employment and Training Act (CETA).

The National Alliance of Business is fostering business support and participation in Private Industry Councils, the local action arms of PSIP, through:

Technical assistance, the PSIP Clearinghouse, and business endorsement.

Effective Private Industry Councils are incorporated and independent and will provide:

The business/education link to find solutions to youth unemployment;

The local forum that reaches the small employer job market where most hiring now takes place; and

The essential and workable blend of volunteerism and professionalism.

The National Alliance of Business supports membership of economic development councils on PICs and incentive bonuses to promote coordination of national, federal, state or local economic development activities with employment and training activities.

The National Alliance of Business supports funding of activities to train and upgrade employees.

The National Alliance of Business supports the concept of the Targeted Jobs Tax Credit and believes that the full three years of the program are necessary to adequately assess its impact.

PREPARED STATEMENT OF WILLIAM H. KOLBERG, PRESIDENT, NATIONAL ALLIANCE OF BUSINESS

Mr. Chairman and members of the committee, I am William H. Kolberg, president of the National Alliance of Business. As many of you know, the NAB is the principal action-oriented, national business group concerned with employment and training programs for the hard-to-employ.

The National Alliance of Business has accepted with conviction and enthusiasm the challenge to provide national leadership for the private sector initiative program, title VII of the Comprehensive Employment and Training Act. Through national, regional and local forums, alliance spokesmen are fostering business support and participation in the private sector initiative.

We have added two important elements to our organization to enhance the development of PICs. First, we have hired 44 NAB technical assistance personnel who cover the entire country and are charged with assisting in both the institutional development process at the local level and in assisting PICs in developing effective programs.

Second, we have added a new alliance information resource, the PSIP clearinghouse. Through the clearinghouse, private sector employment and training information is gathered and disseminated to every PIC, many businesses and associations, and the network of employment and training professionals throughout the United States. The clearinghouse provides abstracted and in-depth information on successful jobs activities.

Attached to my statement is a status report on the Development of PICs. In summary, it shows that 435 PICs have been formed that represent 460 of the 470 prime sponsor areas, Over 6,000 business persons are serving as members of the councils. Seventy-two of these councils are already incorporated units able to operate title VII programs, and 163 PICs have expanded their activities into other CETA programs beyond title VII.

We have come a long way in this process of building a new institution—the PIC. New bridges have had to be built between the public and private sector and the other elements of the community. There is an increasing understanding that neither business nor government alone can solve the tough problems of structural employment. Initially, PIC formations moved slowly—often encumbered by skepticism. From June 1979, however, when the authority for title VII was backed up with funds, the process moved forward more rapidly. By October 1979, just four months after the initial funding, 376 PICs were formed. Thus, 80 percent of the PICs were placed in a position to begin developing the organization and knowledge that would ultimately result in planning and formulating PSIP programs.

I want to emphasize that this early phase of PIC development must be carried out with painstaking care so that councils will ultimately become strong and influential organizations in the community. If councils are to participate in reshaping our huge social welfare systems, the members need to understand the influences and problems of existing systems. While some may be impatient to see dollars spent, we believe it is of first importance for PICs to build the foundations that will ensure that federal funds are well spent. Once established as strong, independent, and action-oriented institutions, PICs will then be prepared to utilize PSIP and other CETA program funding—to, in fact, be full and equal partners with government to help solve the festering problem of structural unemployment.

Authorizing PSIP for four more years, as called for in H.R. 6796, is a welcome signal to the business community that the Federal government is committed to the PSIP concept. The removal of uncertainty is very important and a four year time frame gives adequate time to fully test the concept. We, therefore, fully endorse the proposed title VII amendment to extend PSIP for four years.

Mr. Chairman, I cannot overstress our belief that private industry councils must be strong, independent institutions if they are to win the support of private business, be capable of exercising important influence, and be engaged in running effective programs.

At this time, however, many of the private industry councils are creatures of the CETA prime sponsors and are only advisory in nature. As the attachment indicates, for instance, 339 of the councils are now staffed by employees of the prime sponsor. While there may be a limited number of instances where this is effective, we believe the private industry councils—especially in major urban areas—need to be incorporated, have their own staff, and in every way develop as an independent and equal partner with the public sector. We believe that incorporation of PICs will provide the necessary independence while still maintaining proper accountability to the prime sponsor.

Most of the 6.8 million private employers are small, and yet much of the job growth is coming from these small, mostly service, employers. A recent MIT study estimates that about two-thirds of the net job growth is in small establishments with 20 employees or less. These employers are the target of opportunity for the PIC. Most small employers have neither the time, resources, or patience to deal with public programs—and they are often suspicious or even hostile to Government. The private industry council, being of the private sector, can gain entree to work with this group, can tailor specific programs to fit each private employer's need, and can handle the red-tape and requirements so that the process works. The PICs, if properly structured, can begin to reach this major and largely untapped reservior of new jobs.

The proposed legislation addresses another important and developing role of the PIC—relating employment and training activities to local economic development activities. In H.R. 6796 the membership of the PIC is to be expanded to include local economic development councils. We support the addition of representatives from appropriate local economic development bodies but since each community is different in this regard, we suggest that determination of representation rest with the local PIC.

We believe the incentive bonuses proposed in the bill to promote coordination with Federal, State or local economic development activities will encourage the essential connections between PICs and local development. Overall, Mr. Chairman, we strongly support the inclusion of specific employment-economic development linkages in title VII.

The proposed amendments to title VII also alter the allocation of funds to prime sponsors to include 15 percent to be used for CETA title II–C training and upgrading activities. While NAB has had limited experience with upgrading programs in its participating companies, a recent survey of PIC chairmen found the upgrading concept to be highly popular. It seems to us that there is a need for specific program authorization for this activity in title VII. There is always a need to build controls in upgrading programs to guard against employer windfalls. However, carefully designed programs can succeed in opening up entry level jobs for the disadvantaged, without undue windfalls.

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Seventy-five percent of the employers using the credit employ less than 200 employees; eighty-five percent of the jobs are for $4.00 an hour or less; and most of the firms had not used subsidy programs.

We believe that this program has very important potential for opening up work opportunities for the hard-to-employ. It makes it economically possible and desirable for employers to shift their hiring standards to now include in potential employees that heretofore were too risky or unproductive. It allows disadvantaged youth to gain work experience in the private sector that perhaps has heretofore been denied them.

This program dispenses with the red-tape trappings of many other programs and works directly and automatically in the labor market fitting employer needs with available workers.

The three year program should give us ample opportunity to both actively market the program and to carefully guage its results in hiring the disadvantaged. The jury is still out on both of these elements of a successful tax credit program.

Thank you for giving us the opportunity to testify this morning.

PIC STRUCTURE/OPERATIONS STATUS REPORT

Category	Region 1	2	3	4	5	6	7	8	9	10	Total
I. PIC structure:											
1. Number of primes	26	61	53	68	106	46	23	17	51	19	470
2. Number of primes with PIC's	26	61	52	67	102	44	21	17	51	18	460
3. Number of primes without PIC's			1	1	3	2	2			1	10
4. Numver of PIC's	26	56	47	65	100	43	16	17	49	16	435
5. Number of PIC's having bylaws (shows that PIC is moving)	17	41	55	24	83	44	11	12	41	14	342
6. Number of PIC's incorporated	5	7	17	10	12	7	1	2	9	2	72
7. Staffing:											
(a) Number of PIC's with PIC paid staff	2	5	13	7	12	3	1	1	9	3	56
(b) Number of PIC's with business organization staff	7	6	4	6	5	3	1	1	6	1	40
(c) Number of PIC's with CETA staff	17	48	25	48	83	41	14	15	34	14	339
8. Number of PIC's which will have a business-led organization which will be a program operator	12	22	4	6	14	5	5	1	8	2	69
9. Number of PIC's performing following roles under title VII:											
(a) Operate	6	10	14	17	21	6	1	4	1	14	94
(b) Plan	23	41	30	47	95	36	16	17	49	14	368
(c) Advise	26	51	39	54	95	37	16	17	49	15	398
(d) Evaluate	26	54	47	55	97	41	16	17	49	16	429
(e) Consent	26	56	47	65	100	43	16	17	49	16	435
10. Number of PIC's working under title II and/or VI	16	26	16	28	28	9	1	5	25	10	163
II. PIC Operations:											
1. Number of PIC's planning to spend 15 percent or more of grant in the following programs:											
(a) Classroom training	23	40	17	32	39	22	9	15	34	10	241
(b) On-the-job training	19	18	16	36	49	29	5	8	37	12	229
(c) Services to participants	14	11	6	10	11	11		4	6	3	76
(d) Other activities	7		4	4	0	6		4		4	29
(e) Career employment experience		2			2			2	1	1	8
(f) Transitions services								0			
(g) Vocational exploration program	1	2			1			1	1		6
(h) Ungrading/retraining			1	1	2			1			5
(i) Employment generating services	4	14		9	31		2	7	2	8	10

STATEMENT OF WILLIAM H. KOLBERG, PRESIDENT, NATIONAL ALLIANCE OF BUSINESS

Mr. KOLBERG. Thank you very much, Mr. Chairman.

I do appreciate appearing before you again, and before the subcommittee. As you have stated, I have recently been elected president of the National Alliance of Business. As this committee knows, the National Alliance of Business is the principal action-oriented, national business group concerned with employed and training programs for the hard-to-employ.

The National Alliance of Business has accepted with conviction and enthusiasm the challenge to provide national leadership for the private sector initiative program, title VII of the Comprehensive Employment and Training Act. Through national, regional, and local forums, alliance spokesmen are fostering business support and participation in the private sector initiative.

We have added two important elements to our organization to enhance the development of PIC's. If I may, Mr. Chairman, throughout my testimony, I will refer to them as PIC's for purposes of shortening it. First, we have hired 44 NAB technical assistance personnel who cover the entire country and are charged with assisting in both the institutional development process at the local level and in assisting PIC's in developing effective programs.

Second, we have added a new alliance information resource, the PSIP clearinghouse. Through the clearinghouse, private sector employment and training information is gathered and disseminated to every PIC, many businesses and associations, and the network of employment and training professionals throughout the United States. The clearinghouse provides abstracted and in-depth information on successful jobs activities.

Attached to my statement, Mr. Chairman, is a status report on the development of PIC's. In summary, it shows that 435 PIC's have been formed that represent 460 of the 470 prime sponsor areas. Over 6,000 business persons are serving as members of the councils. Seventy-two of these councils are already incorporated units able to operate title VII programs, and 163 PIC's have expanded their activities into other CETA programs beyond title VII.

I believe we have come a long way in this process of building a new institution—the PIC. New bridges have had to be built between the public and private sector and the other elements of the community. There is an increasing understanding that neither business nor government alone can solve the tough problems of structural unemployment.

Initially, PIC formations moved slowly—often encumbered by skepticism. From June 1979, however, when the authority for title VII was backed up with funds, the process moved forward more rapidly. By October 1979, just 4 months after the initial funding, 376 PIC's were formed. Thus, 80 percent of the PIC's were placed in a position to begin developing the organization and knowledge that would ultimately result in planning and formulating PSIP programs.

I want to emphasize, Mr. Chairman, that this early phase of PIC development must be carried with painstaking care so that councils will ultimately become strong and influential organizations in the community. If councils are to participate in reshaping our huge social welfare system, the members need to understand the influences and problems of existing systems.

While some may be impatient to see dollars spent, we believe it is of first importance for PIC's to build the foundations that will insure that Federal funds are well spent. Once established as strong, independent, and action-oriented institutions, PIC's will then be prepared to utilize PSIP and other CETA program funding—to, in fact, be full and equal partners with government to help solve the festering problem of structural unemployment.

Authorizing PSIP for 4 more years, as called for in H.R. 6796, is a welcome signal to the business community that the Federal Government is committed to the PSIP concept. The removal of uncertainty is very important and a 4-year timeframe gives adequate time to fully test the concept. We therefore fully endorse the proposed title VII amendment to extend PSIP for 4 years.

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The 3-year program should give us ample opportunity to both actively market the program and to carefully gage its results in hiring the disadvantaged. The jury is still out on both of these elements of a successful targeted tax credit program.

Thank you, Mr. Chairman, for the opportunity to appear before you. I will be happy to answer any questions.

Mr. Hawkins. Thank you, Mr. Kolberg.

On page 5, of your statement, in the second paragraph, you indicated that, as an example, 339 councils are now staffed by employees of the prime sponsor. You indicated above that you felt that the private industry councils should be strong, independent institutions, which certainly was the intent of this committee and I think of the Congress in creating this program.

Could you explain this a little more, as to why so many of the councils are staffed with employees of the local prime sponsors?

Mr. Kolberg. Mr. Chairman, my impression is that in, I think it is fair to say, most of the prime sponsor areas so far, the private industry council has been treated more as another advisory body, much as the manpower planning council which you are very much familiar with, or the youth council.

In other words, here is just a third advisory council created under the CETA legislation, and as the prime sponsors have done with other councils, they provide their own staff to serve these on these councils. As you have just stated, it certainly was my understanding of the purpose of this legislation was to create an independent body.

As pointed out earlier, only 72 of these private industry councils have incorporated, and therefore set up essentially an independent framework to which they could add staff.

Mr. Hawkins. I would assume that the councils themselves would resist such staffing arrangements that might involve a lack of control over their employees. I am a little surprised, and I am wondering what it is that is not clear in the legislation itself that encouraged prime sponsors to consider the private industry councils merely as an appendage to the local prime sponsors.

Mr. Kolberg. I think it is fair to say, Mr. Chairman, you could read title VII as allowing, maybe even promoting, an advisory body as the private industry council.

I prefer to believe, Mr. Chairman, as more direct response, that this is a phenomenon that relates to time. In many of these areas, private industry councils have only just been appointed, and are only beginning to understand their responsibilities under title VII. The potential of the private industry councils, as they develop knowledge, I think they will become independent.

I think they will act as you suggest they would. I think they are going to want their own life. They are going to want their own staff. They are going to want to then move out and be strong, independent bodies. I prefer to believe that is the case, and I believe it is.

I don't believe that my organization, the National Alliance of Business, has been very forthright so far about saying the kind of private industry council setup we would like to see. We intend from here on out to be very specific and very forthright in encouraging incorporation, in encouraging the strong independent role that I have spelled out here in my statement this morning.

Mr. Hawkins. It may be that in the new authorizing legislation, we may find it necessary to make it clear, if it can be done. [Applause.]

Mr. Kolberg. Mr. Chairman, I did not bring along a claque, honestly. [Laughter.]

Mr. HAWKINS. It is always good to have a constituency. [Laughter.]

On page 8, you did make a reference to the targeted job tax credit program. There has been criticism by some witnesses, not a great deal, but I believe that it was suggested or hinted once or twice that this program has been used to obtain credit for individuals who were already on the payroll, rather than adding new jobs.

Would you care to comment on that point?

Mr. KOLBERG. Mr. Chairman, the program itself as authorized by the Congress specifically provided for retroactive qualification. So, if people have actually done that, they certainly have done that in full compliance with the law, because it was clearly intended that there be a retroactive period of, I believe, 5 or 6 months to give time to get the program implemented, write regulations and get them out there.

So, yes, there has been some retroactive qualification, and it is clearly legal.

Mr. HAWKINS. So there may be some basis for the statement. However, it is not contrary to the law itself.

Mr. KOLBERG. That is correct, sir.

Mr. HAWKINS. Finally, let me ask you this. Do you feel that the private industry councils can provide leadership in improving the performance of local schools in terms of altering their curriculum so as to more adequately prepare youth for jobs?

Mr. KOLBERG. Mr. Chairman, I did not cover my views on youth unemployment in this statement. I have testified on the Senate side, and I will be happy to submit my statement for the record, if that would be helpful, which covers that in a number of ways.

Mr. HAWKINS. Would you provide that statement?

Mr. KOLBERG. I will be glad to do that.

If I could just take 1 minute to answer that specific question. It seems to me, No. 1, that the local school systems really need to be reformed to better do the job of providing the basic skills for disadvantaged young people. They cannot do that alone. There needs to be all the elements in the community not only to help but to put pressure. One of these elements is the employer community.

I see the private industry councils as a developing institution that at some point in time can be that strong business influence at the local level, that can develop linkages and influence related to the public school system.

I think that one of the problems in the past, perhaps, has been that there has not been a strong, local institution that understood education and training, and could therefore organize the employer community to relate to the schools in a much more effective way.

I think the answer is, yes, Mr. Chairman, it will take us time to get there with this new institution, but I think it is badly needed and it will make quite a difference at the local level when it has finally come to fruition.

Mr. HAWKINS. Thank you, Mr. Kolberg.

Mr. Tauke.

Mr. TAUKE. Mr. Kolberg, you have discussed the manner in which many of the PIC's are formed today, and have indicated that some of them are merely advisory councils. But I am not sure I understand what you think the proper role of the PIC's should be, nor if there are any PIC's that are performing the role you think they should perform.

Could you tell us, first of all, if there are any PIC's that are doing that job; and second, what you think that role should be?

Mr. **Kolberg.** Let me take the second part of your question first, if I may, Mr. Tauke. I do think there are some private industry councils, and you will hear from the executive directors of some private industry councils later on this morning, that are beginning to play that role.

I think that we all ought to be quite careful about our expectations. One does not develop a new, strong institution that has links out into the community with thousands, or even tens of thousands of employers, overnight. It will take us time to do that.

Perhaps just some names, New York City, Boston, St. Louis, and I could name more. I could provide a list for the committee. I think that I would rather just defer to my colleagues who will appear before you later on this morning.

Mr. **Tauke.** Now that we have established that there are some that are doing the job, what is the job?

Mr. **Kolberg.** Now let's talk about the job. First there are two very important elements. First, you need to have a strong private sector institution, and that cannot be done without incorporation, without a structure through which an organization can develop itself, hire its own staff, handle money.

That structure needs to have two essential ingredients. The first ingredient, an absolutely crucial ingredient, is voluntary business leadership. This is a business institution, and without the voluntary business leadership on the board of directors, and throughout the life of that institution, it cannot perform the function we have talked about.

Second, I think this area of just CETA alone, with its $11 billion a year being spent, is so complicated that you need the very best professionalism that you can possibly have on the staff to essentially carry out the programs.

Now, the functions. First, it seems to me, is a very important influence-advisory function to advise the public partner of how the social welfare systems operate. I would not limit it to CETA. I would go well beyond that. Employment service badly needs the attention of the business community. The unemployment insurance system needs attention. The welfare system, the food stamps, need attention.

We are talking about 60 to 70 billion dollars' worth of Federal funds alone going out into these kinds of systems, which need to be better targeted and improved at the local level with a local institution.

So the first job, it seems to me, is to develop the know-how so that influence can be brought to bear on change and direction.
number of very good operators in the CETA field, as well as in other fields. So a knowledge of the system, how it works, and what works.

There are already a number of very good operators in the CETA field, as well as in other fields. So a knowledge of the system, how it works, and what works is necessary.

Third, actually running programs. I think I tried to suggest in my statement what I mean by that. I think ultimately we have to have an institution that can relate individually to each private employer that needs help.

One has to do that probably, through an accout executive kind of concept, so that the products of the Private Industry Council at the local level can be brought to bear. This is after a full understanding of the employer's needs has been accumulated by somebody representing the prime sponsor.

Then one can put together an on-the-job-training program for that employer, or can combine that with tax credits, and a whole other range of combinations that can take place, so that employers can actually be served.

The difficulty in small towns is in reaching employers and getting them to, first of all, trust that there is an institution on the private side that can work with them and is not out to get them. No. 2, an institution that cares about understanding their needs, their employee needs and can fit public dollars to meet their employee needs.

I am sorry that I took so long.

Mr. TAUKE. On page 6 of your testimony, you suggest that "PIC's, if properly structured, can begin to reach this major and largely untapped reservoir of new jobs," apparently referring to small businesses.

I don't have lots of scientific ways of measuring how many jobs are available in the economy. As I indicated last week during a hearing of this subcommittee, I look at the Des Moines Register. I saw last week that for the entire week there was not one job listed for a dishwasher, in the City of Des Moines, at least, maybe in the State of Iowa. This is an indication that there are not a lot of employers out there which are seeking potential workers.

The assumption that you seem to be making in your testimony is that somehow there are a lot of jobs out there. There are a lot of employers who would really like to employ people who don't have skills, and all we have to do is provide the training, or some kind of mechanism for finding these people and putting them in the slots.

From the conversations that I have with employers of small businesses, the problem is not finding the employees to put in the slots, or training the employees to put in the slots. The problem is that they don't have any slots, and because of various policies of the Federal Government, there is no encouragement for some of them to develop new positions. They are in a very difficult position when it comes to expansion.

I wonder if you would care to share with me your thoughts on what is the availability of jobs in the private sector. Are we kidding ourselves when we talk about job training? Is it not more a problem of actually having jobs there and available for people to fill?

Mr. KOLBERG. First off, Congressman Tauke, I cannot speak to your own district, but in general, over the last 3 to 3½ years, our economy has created 10 million net new jobs. That is the greatest job creation record in our history, and probably in the history of any other nation.

We always focus on our problems in this country, and on our economy. We seldom remind ourselves that it is a great job creating engine we have in the economy.

So there have been a lot of jobs. We may be heading downward now maybe more rapidly than we would like, but certainly over the last several years there have been many jobs, 10 million, and many of those, better than half or two-thirds, have been with employers.

The second part of your question is, do employers hire people because they are patriotic, if the people otherwise are not qualified. The answer is clearly, "No." There are very few employers, certainly not many small employers, that can afford to hire unproductive, unqualified people if they have a choice, and they have always had a choice even over the last 3 years in fairly tight labor markets.

So our job, it seems to me, the job of CETA, on-the-job-training, and targeted jobs tax credits, is to economically make it possible, even desirable, for small employers to hire some of the less productive people.

Take the targeted jobs tax credit, a small employer can hire a young person, a disadvantaged young person 18 years old, and get up to $3,000 tax credit that first year.

You talked to the earlier witness about the subminimum wage. We already have a subminimum wage for disadvantaged young people. If an employer wants to go to the little bit of trouble to qualify that employee, he gets somebody for probably $2 an hour the first year, and probably $2.50 the next year.

It seems to me that by shifting that economic curve, we therefore make it possible and even desirable for small employers who, I would say to you, do have jobs, to make it possible for them to hire the disadvantaged.

The same is true in on-the-job training when one can cover 50 percent of the training costs for increasing the work force. For a firm that needs to stay downtown in an urban area, a terribly uneconomic thing for an employer, a 50-percent subsidy to cover additional training can be a very important thing in cash flow and can be the element that tips the scales, so that that employer would stay downtown.

If you go on in this vein, it seems to me that we are trying now, rather than call on employers' patriotism, to call on their bottom line and to try to shift the curve so that unproductive or less productive people, who are disadvantaged but certainly still need a chance, can be given a chance by small employers.

Mr. TAUKE. I don't disagree with anything you have said. I am well aware of the job creation ability of our economy over the last number of years. I know the kinds of employees that have gone into the work force over the last number of years.

I guess what you are saying to me, then, is that we are going to continue to experience that kind of increase in the number of available jobs. Is that true?

Mr. KOLBERG. I wish that I knew the answer to that, Mr. Tauke.

Mr. TAUKE. You see, this subcommittee is in a position where we need to make some priority choices along the way, and so has the Federal Government. Do we give our incentives to employers to train people, or do we give our incentives to try to be in a position to create the jobs in the first place?

My observation is, as I look at the problems that I think are facing the economy, that we have fairly well saturated the labor market right now. One of the significant problems that we face is that there simply are not enough jobs available because of a contracting economy, rather than an expanding economy.

I wonder whether we ought not to place our emphasis on the creation of jobs in the first place, rather than placing our emphasis on how we are going to fit various segments of the population into those jobs.

Mr. **Kolberg.** I would hope that it would not be an either/or situation.

Mr. **Tauke.** But that we could do both, I would hope so, too.

Mr. **Kolberg.** I certainly agree with you that job creation is the very essence of what we are talking about. It is not as if the Federal Government is not putting any money into job creation. It is putting a lot of money, $4, $5, $6 billion into HUD, EDA, and small business.

Yes; it seems to me the Federal dollars are going down the economic development line, as well as down the line that you just described. I think both are appropriate.

Mr. **Tauke.** I don't mean to sound pessimistic or combative, because I think the direction in which you are headed is definitely the right one. I am hopeful that the efforts that we are making in job training can also be tied into the really very excellent vocational education system we have across the country, which I think we are shortchanging.

As I look at the job market 10 years down the road, I think that we will have that shortage which we have been talking about in the highly skilled areas. I am not sure that we can rely on our employers to provide those kinds of really technical skills to individuals.

Thank you very much, Mr. Chairman.

Mr. **Hawkins.** Mr. Petri.

Mr. **Petri.** Just one or two questions.

You indicated in your testimony that there are now about 10,000 people a month being hired through these councils and their programs. Is there any way of telling how many people would have been hired anyway, without the subsidy?

Can you check between areas where you have operations, and where you don't have operations, comparable employers and their number of employees, to figure out how much this is really costing us?

Some of those people would have been hired anyway. The question is what percentage, and whether it is really worth going this way as opposed to using those dollars in some other way?

Mr. **Kolberg.** I cannot answer that question. Clearly, it is one of the right questions to ask, whether there is any net new job creation out of this. There are some studies going on that I am aware of, but they have not produced any data as yet.

Mr. **Petri.** Who is doing those?

Mr. **Kolberg.** The Labor Department is doing those.

Mr. **Petri.** Have they hired outside consultants?

Mr. **Kolberg.** I believe so. I will have to check for you, Mr. Congressman. I really don't know. I should know, but I really don't, and clearly that is a key question.

Mr. **Petri.** You think that it has been in operation long enough now so that there would be sufficient data to really be able to tell?

Mr. **Kolberg.** I should think, with 175,000 having been hired, that we are getting to the stage where we ought to be able to take a look at those kinds of things.

I would say, in general, the purpose here was not a job-creating purpose. It was a shift-to-hiring-curve purpose, to try to make is possible economically to hire people.

Let me put it another way. If there is a job to be filled, to make it possible for an employer to take a disadvantaged person instead of one who is not. That was the basic purpose. It was not to expand the number of jobs, although it could have that effect to some degree.

Mr. PETRI. To make it possible for the employer to hire two people to do a job which another person with higher skills could do alone?

Mr. KOLBERG. That could be a possible result, yes.

Mr. PETRI. One other question I have, and this is a little bit parochial, so you may not be able to answer it. In Wisconsin for many years we have divided our State into vocational/technical areas. The schools are very well established and tied in, because they are governed by appointed boards made up of representatives of union-labor people in that area, agriculture people in that area, and business people in that area, to provide job programs keyed into the demand in that area.

Is this going to complicate all this, or is there a possibility of working through the already established structure in States like mine where it exists? Or, will we end up with something that will largely be duplicating and overlapping and, therefore, complicating and wasting resources in areas such as mine?

Mr. KOLBERG. If we end up that way, Mr. Petri, I agree that it will be a shame. It seems to me that it would be a failure on the part of people developing the private industry councils to understand what their role is.

As I said earlier in response to Mr. Tauke's question, one of the first and most important things the private industry councils need to understand is the territory, not just private sector, but what is going on in the public sector, who is doing what kind of training.

There is no reason for a private industry council to set up its own training course if, in fact, there is a vocational education system at the high school that can or is now providing that same kind of training. It is just a matter of plugging in.

I think that one of the serious problems we have had in developing this whole CETA system is the fact that there are thousands, and even tens of thousands of separate actors that need to be brought together in each community one by one.

Mr. PETRI. Why can't we just plug into those institutions, rather than having PIC's in areas like that which gives you one more group that you have to coordinate with?

Mr. KOLBERG. I guess that one could argue that the vocational education schools should have organized private employers and relate to private employers. I think the good ones do.

Mr. PETRI. They do.

Mr. KOLBERG. I think the good ones have, and maybe all of them, have private advisors on their board. Again, one element of what we are talking about is that there is classroom training. That is not on-the-job training, although there are some coupled programs of vocational education programs that are carried out with private employers.

Mr. PETRI. They are tied in with apprenticeship programs.

Mr. Kolberg. Again, I think the answer is that vocational educators and vocational education systems belong to the public sector. They don't belong to private employers. They do not represent private employers. Although they are involved, and sometimes very well, they do not involve them in a broad enough way. Employers do not see that as their institution.

It is very difficult, and I should not try to generalize about vocational education even in a single State, let alone across the United States. It varies a great deal by quality, and the way that it carries out its work.

I think that my answer would be, you raised the right questions related to Wisconsin, specifically. If we fail to tie in vocational educators and the vocational education system with this new developing institution, we have made a grave error.

Mr. Petri. As you know, there is now what they call "budget cutting mania," supposedly going through the Congress, and what we are going to have to work at is to still get the job done for people to the extent possible, and cut duplication and overhead as much as we can, so that we can reduce the budget and not prevent these 10,000 people a month from hopefully getting jobs.

Mr. Hawkins. Mr. Kolberg, you made some reference to 10 million jobs being created. I was not so sure what period of time you were talking about.

Mr. Kolberg. I think, Mr. Chairman, that is 1976 through 1979.

Mr. Hawkins. To what do you attribute that remarkable record? What number of factors do you contribute that to?

Mr. Kolberg. Not being an economist, Mr. Chairman, I am not going to pretend to know very much about all the phenomena in our economy that do that.

We had a booming economy, at least in the job creation sense. Certainly, we had increasing inflation, but the unemployment rate got down to 5.5 percent and stayed in that area for a year to a year and a half over a 3-year period. Employers continued to add new workers.

We absorbed a continuingly high percentage of women. As that increase went on, I believe that it is better than half of the new jobs, something like two-thirds, I am sorry, went to women. Their entry into the labor force and the growth in the labor force during that period was very rapid and continues to be.

My memory tells me that it takes something like 2.5 million jobs a year to stay even in the United States. Now with the labor force growth, particularly with women and young people, it is going to take something like a creation of something like 2 to 2.5 million jobs to stay even. If we don't do that, unemployment is going to continue to rise.

Mr. Hawkins. You are assuming practically zero productivity growth in that, I would assume.

Mr. Kolberg. It is about what it has been in the last year. It is not quite zero, but it has not been what historically it has been, 3 to 4 percent.

Mr. Hawkins. I was curious about that, because there have been other references made to the tremendous growth in the number of jobs, but everyone takes credit for it. I was just curious as to what it was due to—our fiscal policies, possibly the 1978 tax reduction, whether it was due to CETA being enacted. There are references that have been made to CETA having provided a tremendous number of jobs. The Secretary of Labor has claimed a lot of credit, not for himself, but for other programs. No one seems to have analyzed why it was that that remarkable record was made. Some cited the recovery, that always in a recovery there are a tremendous number of jobs.

The committee, obviously, is interested in the answer because it helps us to make the decision as to what we should be doing if that record can be replicated, without at the same time increasing, as some would believe, inflation. As you indicated, there was not a dramatic increase in the inflation during that same period of time, which refutes to some extent the trade-off theory.

Again, Mr. Kolberg, we appreciate your appearance before the committee.

Mr. Kolberg. Thank you, Mr. Chairman.

Mr. Hawkins. The next witness is Madeleine Hemmings, associate director for human resources of the U.S. Chamber of Commerce.

Ms. Hemmings, we welcome you. We have your prepared statement, and supporting documents which in their entirety will be printed in the record at this point. We look forward to you giving us the highlights of those statements.

[Prepared statement and supplementary statement of Madeleine Hemmings follow:]

PREPARED STATEMENT OF MADELEINE B. HEMMINGS, ASSOCIATE DIRECTOR, HUMAN RESOURCES, CHAMBER OF COMMERCE OF THE UNITED STATES

My name is Madeleine Hemmings. I am Associate Director of Human Resources for the Chamber of Commerce of the United States. With me today are Charles J. Rae. Executive Director of the Private Industry Council, Inc., and Manager of Manpower for the Greater Springfield Chamber of Commerce, Massachusetts, and Hilda Heglund, Vice President, Human Resources, Metropolitan Milwaukee Association of Commerce, Milwaukee, Wisconsin. Both Mrs. Heglund and Mr. Rae play leadership roles in their communities' Private Sector Initiative Programs. We are here today on behalf of the Chamber of Commerce of the United States and its 94,706 business and organization members, to support H.R. 6796 sponsored by Chairman Hawkins, Mr. Perkins and Mr. Jeffords.

The Chamber of Commerce supports H.R. 6796 which would reauthorize Title VII of the Comprehensive Employment and Training Act (CETA), known as the Private Sector Initiatives Program (PSIP). I will briefly discuss PSIP in general. Mrs. Heglund and Mr. Rae will describe their Private Industry Councils and their accomplishments. After that I will summarize the U.S. Chamber's position on H.R. 6796.

PSIP: A TURNING POINT FOR CETA

CETA was enacted in 1973 to reorganize the delivery system for the many federal employment and training programs which had evolved during the 1960's and early 1970's. CETA's basic purpose was to consolidate these programs under one administrative system and to allow for local planning and operation of the programs.

CETA's promise of local planning and design quickly faded when the nation's unemployment rate rapidly rose, and the new CETA administrative system was used to implement a massive public jobs program. In its first four years of existence CETA was repeatedly amended, and its funding skyrocketed from $1.9 billion to $11.8 billion. With each amendment, CETA got further away from its original purpose of locally designed training programs to assist unskilled individuals. More and more, it was a public jobs program—providing employment for job-ready people.

By 1975, CETA was serving as an instrument of the federal government's fiscal policies for state and local government. This occurred because both the magnitude of the 1974–75 recession and the recession's impact on the fiscal base of the local governments had been severely underestimated. Neither the Administration nor the Congress had evolved an alternative strategy to respond to the need for municipal fiscal relief, and political considerations dictated using the most readily available program, i.e., CETA.

Statistics revealed a severe imbalance between public service jobs and private sector job training under CETA developed:

Of the $9.617 billion in estimated CETA fiscal year 1978 outlays, 5,735 billion, or 60 percent of the total were for public service jobs.

Of the 2,361,400 persons who participated in CETA programs under Titles I (Comprehensive Manpower Services), II (Public Employment Programs), and VI (Emergency Job Programs) during fiscal 1977, 40 percent (945,800) were holding public service jobs. Only 7 percent (173,000) were enrolled in on-the-job training, primarily—but not exclusively—with private employers.

The abrupt shift in emphasis from training to public jobs and the burgeoning increase in funding from $1.9 billion to $11.8 billion caused much stress on the CETA system. Local governments were required to spend their public jobs funds in a short period lest funding be taken away .Needless to say, when 60 percent of their total funding was for public jobs, they spent most of their time trying to fill those jobs. Pressure to fill jobs resulted in misuse of CETA funds by some program operators. By 1978 when Congress was considering its reauthorization, the whole CETA program was suffering from a negative image.

It is clear why Congress was upset. CETA's imbalances, as well as the confusion over its basic aims, had to be rectified by reemphasizing the legislation's training objectives and by sharply defining—and limiting—the scope of its employment objectives. The sharp drop in services to the truly economically disadvantaged had to be reversed by tightening up the eligibility criteria for all CETA's programs. The imbalance in the allocation of resources between public service jobs and programs and activities designed to assist people to qualify for unsubsidized private sector jobs had to be corrected through the appropriations process.

The private Sector Initiatives Program (PSIP) emerged as an answer to this problem.

The momentum for and the general direction of change had emerged from the Congress. The Administration contributed the policy thrust by stating that PSIP would "provide the private sector with a direct role in the planning and delivery of CETA programs and services in the expectation that such a role will encourage the private sector to make more effective use of the training and related services available through CETA."

PSIP has been termed the "major new initiative" of CETA. It does represent a significant change in Administration policy. However, the changed policy is not really new to CETA. Rather, PSIP is the vehicle to turn CETA back to its original intent.

PSIP ACCOMPLISHMENTS

The new Title VII has great potential for uniting business, education, labor and government to help the nation's disadvantaged unemployed to move into mainstream jobs. PSIP promises a major breakthrough for business people who need workers with certain skills but have difficulty in filling jobs. Under PSIP, the government will help pay to train the hard-to-employ. The employers will design the training. They will be helped to develop in-house training, if they wish, or the training may be done at community colleges or other training centers. To live up to that potential, the program requires dedicated people, financial resources and multi-organizational support. PSIP has benefited from the skill and commitment of professionals such as Mrs. Heglund and Mr. Rae, but it has labored under other extra-ordinary difficulties.

From the beginning, PSIP has faced funding uncertainties which raised serious doubts whether the program would ever get underway. In the 1979 Supplemental Budget, $100 million was requested for PSIP but was not granted. In July, 1979, the Department of Labor reallocated $75 million of its funds to show that PSIP and the Private Industry Councils (PICS) could work. The Department of Labor extracted a promise from Congress that $325 million would be forthcoming in the fiscal year 1980. PSIP received its first funding in 1979, making fiscal year 1980 its first year of operation. In spite of this, 34 early test sites have had 18 months to organize PICs, set priorities and develop and carry out programs. 436 other PICs have had 14 months or less in which to operate. With encouragement from the Department of Labor, 95 percent of the prime sponsors established PIC's. But the PIC's have had definite funding alloactions for only about nine months.

PSIP had more problems. Some prime sponsors found it difficult to arouse enthusiasm for a new program which amounted to only 5 percent of total CETA funding. It did not seem worth a major committment in time and effort. Many in the private sector thought of CETA as a public jobs program or a patronage system if they knew of CETA at all.

In spite of uncertain funding, doubts on the part of many key organizations, and ignorance, those who took up the challenge of making CETA work have had remarkable initial successes. Stories of these successes are the clearest proof that PSIP should be reauthorized. Hearing these stories cannot help but convince the Subcommittee of the program's value.

STATEMENT OF CHARLES J. RAE

My name is Charles J. Rae. I am Executive Director of the Private Industry Council, Inc. and Manager of Manpower for the Greater Springfield Chamber of Commerce in Massachusetts. In this capacity, I am responsible for the overall administration of the Private Industry Council of Hampden County.

My testimony will demonstrate that the Private Industry Council of Hampden County is an example of the ability of the private sector to interact effectively with federal and local manpower programs. My intent is to show that the PIC concept in Hampden County has been very successful and that private sector participants have developed a new outlook on CETA's potential.

THE PRIVATE INDUSTRY COUNCIL

The Private Industry Council of Hampden County has been established as a non-profit corporation according to the general laws of the State of Massachusetts since May 1, 1979. The intent of this council is to impact significantly on the employment of disadvantaged individuals within the county. This is being accomplished by providing them with appropriate training in skills businesses need.

Administrative funds for the PIC are provided through a $450,000 grant of CETA Title VII funds from the Hampden County Manpower Consortium. These funds are used to train disadvantaged individuals in tool and die, and machine skills through the Hampden District Regional Skills Center. (An explanation of the Skills Center is provided in Exhibit 1).

In addition to funds received through the Department of Labor, the Private Industry Council of Hampden County also received funds from the private sector which are matched by the City of Springfield funds to administer a program designed to place unemployed members of the Springfield Hispanic community in private sector jobs. The program, known as the Hispanic Employment Program, is funded with $56,000 (50 percent private sector money) along with in-kind contributions amounting to $42,000 from the private sector. The program goes beyond the scope of Title VII legislation in solving a community manpower problem. (Exhibit 2 summarized all of the PIC programs.)

The Board of the Private Industry Council consists of 37 individuals. It also utilized the expertise of 50 other private sector volunteers. Composition of this Board (Exhibit 3) is in accordance with the guidelines of the Department of Labor. The full PIC Board and its executive committee meet on a monthly basis. The meetings serve as a focal point for interation between the private and public sector.

MAJOR BENEFITS AND RESULTS

Since the inception of the Private Industry Council of Hampden County, several major benefits have been derived from involving the private sector in CETA. They are as follows:

Increased awareness of all CETA programs by the private sector.

Business participation in curriculum design, resulting in relevant training by the CETA skills training programs.

Increased use of the Targeted Jobs Tax Credit by employers hiring the disadvantaged.

Private sector leadership in funding of a program to place Hispanic community members (50 individuals placed in the first 2½ months of operation).

Infusion of CETA training into area economic development programs, i.e., attraction of new industries, expansion of current industries.

Expansion of training facilities to accomodate potential expanding industry manpower needs.

Accurate identification of industry's manpower demand.

Streamlining of other area manpower programs such as the Division of Employment Security by injecting sound business expertise into their programs.

AREAS OF CONCERN

Theree major area of concern have been observed through the local administration of the private sector initiative program. They are:

(1) There are limited provisions under the current Title VII legislation for training and upgrading activities as in Title II–C. Exhibit 4 includes letters from major Hampden County employers expressing the need for upgrading of employee within their shops.

(2) Funding under Title VII is based on an allocation formula and does not take into consideration successful programs. An area like Hampden County whose companies desperately need trained employees, and has programs in place to train along with a strong private sector committment may, in fact, experience funding cutbacks (cutback of $120,000 in 1979). Exhibit 5 is a proposal to the Governor of the State of Massachuetts indicating a severe need for training programs and funds beyond Title VII and other CETA funding, required to fully develop the private/public sector partnership.

(3) It has been the experience of Springfield that manpower and economic development (bricks and mortar) go hand in hand. We have found that if manpower training is in tune with business expansion, both business and the community benefit.

CONCLUSION

The PSIP concept has worked well in Hampden County. It is an accepted part of all aspects of community manpower activities and provides direct access and input by business into training programs. The private sector is willing to work with government and public agencies. The rewards are mutual. The private sector has shown its commitment to helping the CETA system work and we urge government to strive to make PSIP a major part of CETA planning and funding. It is a method of making CETA useful both to the nation's disadvantaged and to business.

STATEMENT OF HILDA HEGLUND

As a member of the Milwaukee Private Industry Council, I am very pleased to report on our success with PSIP. CETA is not new to the Metropolitan Milwaukee Association of Commerce. Since its passage, we have administered Milwaukee's on-the-job training program under Title II–b. Because of that experience and our interest, we were invited to become a member of the Private Industry Council. Before I describe our PIC activity, I would like to outline why I feel our program works, then describe our program, and finally present some of our concerns and suggestions for improving the program.

REASONS FOR SUCCESSFUL IMPLEMENTATION

1. Our County Executive has provided strong leadership in involving the private sector. In 1977, he created an economic development unit within the country's CETA office. One of the subcommittees of the Council, the Employment and Training Subcommittee became the core of the PIC created two years later.

2. PIC membership is limited to a workable group of 12 members. The PIC has created linkages with existing resources such as the Foundryman's Association and other industrial groups.

3. We do have an extremely capable staff. The PIC director is a former staff member of the Association of Commerce and is familiar with Milwaukee's business community. In addition, the CETA director is a strong ally and has welcomed the PIC's input in redirecting other CETA activity as well as that for which the PIC is directly responsible.

PIC PROGRAM AND ACTIVITIES

During its first year of operation, our PIC authorized funding of the following programs:

1. Continuation and extension of Foundry Casts, Inc., a non-profit corporation originally established with a federal Skills Training Improvement Program (STIP) grant. Foundry Casts, Inc. has gained national attention. It is a comprehensive training system for a major sector of the Milwaukee manufacturing community. The foundry industry designs the training, hires the staff and is now hiring the program graduates. In its first year of operation, 137 participants entered the program. 22 have graduated and been placed and 65 are still in training. According to program records, the cost per participant is $2,700. The final product, new foundry employees, are starting on jobs paying $7.50 to $9.00 per hour.

2. Development of a welding course at OIC. The program has 37 participants. The significant part of the PIC's participation was that a group of welding experts from industry redesigned and upgraded OIC's traditional welding curriculum to meet industry's actual needs.

3. Upgrading projects at the ADS Manufacturing Company. This was the first joint project involving the city development office, the Milwaukee County Development Office and the Milwaukee PIC. ADS was located in a suburb. When the company wanted to expand, a package was put together to entice ADS to move back into the city. City industrial revenue bonds plus the PIC training incentive helped locate the firm in Milwaukee's oldest industrial area which is undergoing development. Other such projects are in the works.

4. The PIC has developed linkages with other agencies and programs related to employment. For example, PIC's Education Task Force was established to address the question of improved communications between the educational system and local business and industry. The PIC is supportive of current efforts with the Association of Commerce. We have established one-on-one partnerships between Milwaukee High Schools and Milwaukee industries. Each partnership is developing its own program meeting the specific needs of that school. In addition, we are attempting to utilize shop facilities with the schools to train and upgrade industry employees.

5. Establishment of Task Force on Transportation. The Task Force is charged with recommending improvements in the transit service to outlying industrial areas of Milwaukee to make suburban jobs more accesible to inner-city residents. Options being considered to affect service levels include route extensions, new routes, service changes to minimize transfer connections and overall reduction in travel time to work sites.

RECOMMENDATIONS FOR IMPROVEMENT

1. A longer funding period such as the proposed four year authorization included in H.R. 6796. Such a funding period would provide greater planning capabilities. The most difficult problem for PCI members to handle in making their program effective has been the uncertainty over starting dates.

2. Changes in the provisions for upgrading. The current eligibility criteria preclude much activity in job areas with the most potential for financial gain for the participants.

3. Relaxation of the Department of Labor required stipend payments for all classroom participants. The training offered and the promised job seem to be adequate incentives for eligible people to participate. The stipend requirement reduces the number of programs we can offer because it almost doubles the cost of training. Other examples of program success are contained in Appendix I.

OBSTACLES TO OVERCOME

There are those who criticize PIC and say it has not done enough. We say it has done enough to prove its potential. It was given a very doubtful start in the budget appropriation process as we have shown. Yet in spite of that, PSIP has come through. The PIC's have shown they can provide a mechanism for a new kind of partnership between CETA prime sponsors and members of the business community to secure unsubsidized jobs for the hard to employ at a very low cost. PICs enable business, government, labor and education to join together to provide training and jobs for those who, until now, had little hope for stable, good-paying jobs.

There are still a number of obstacles to making PSIP fully effective:

Widespread negative attitudes exist on the part of business and other local opinion leaders toward CETA in general. Yet, our own survey shows little unhappiness on the part of businesses that have become involved in CETA. The National Alliance for Business (NAB), the PSIP Office in the Department of Labor and the Chamber are working to overcome those negative attitudes.

Resistence by established CETA systems to change in any substantial procedural or programmatic way (such as the mandated role of the PIC). This resistance is understandable given the amount of adjustment prime sponsors have had to contend with as the program was redesigned and redirected several times in a few years. Only time and effective PICs will overcome this resistance.

CHAMBER RECOMMENDATIONS

Mr. Chairman, to help remove the obstacles we have cited and to give the Private Sector Initiatives Program an opportunity to show what business, government, labor and education can accomplish working together for the disadvantaged, the U.S. Chamber makes the following recommendations:

1. That Congress enact H.R. 6769 to reauthorize PSIP for four years. A four year commitment would convince business that Congress is serious about the program. Business will then get involved in programs that require long range planning. Professional staff will then make a commitment to the program's success. A four year commitment now will make all that has been done up to now worthwhile.
2. Accompanying any reauthorization of PSIP must be a financial commitment for 1981 at least as great as the present funding level. After that, money should gradually be diverted from the CETA public service employment titles (PSE) to PSIP so as not to further increase spending for CETA. The funding mechanism should include financial incentives for the development and implementation of effective programs. Business people understand and will respond to financial incentives based on performance.
3. The Department of Labor has indicated twice it will establish criteria for PSIP performance.[1] We urge that this legislation provide that representatives of PICs, PIC staff and prime sponsor professional staff be included on any work group or task force established to undertake the definition of performance criteria for PSIP.
4. PICs should be permitted to engage in up-grading activities as this piece of legislation provides. HR 6796 broadens the PICs mandate to participate in upgrading activities in such a way that the PICs will be able to help the disadvantaged out of dead-end jobs and train the unemployed to fill the jobs vacated by the upgrading effort.
5. The entire CETA program, not just Title VII, should be coordinated with economic development activities. Economic development activities, however, are not all funded by the government. The U.S. Chamber recommends that in H.R. 6796 the definition of economic development be expanded to include privately-funded economic development efforts.
6. Since PSIP is such a small part of the total CETA program (about 5 percent, PSIP's opportunities should not be eroded by designating 10 percent of Title VII funds to Prime Sponsors to promote federal, state or local economic development activities—but designate that 10 percent as incentive money for PICs to integrate their programs with economic development.

Your bill, Mr. Chairman, modified as we have proposed here, will enable CETA to return to its original objective of helping the hard-core unemployed find new work and new lives in the private sector. This bill, if backed up with adequate financial resources will bring to fruition the hope expressed by President Carter, January 20, 1978 when he announced the PSIP program:

By emphasizing the creation of private jobs, our resources will be used more efficiently, our future capacity to produce will expand more rapidly and the standard of our people will rise faster.

We thank you for the opportunity to present our views to this subcommittee.

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[1] See DOL field memoranda No. 69-80, Dec. 4, 1979, p. 41 and No. 52-80, Dec. 13, 1979.

APPENDIX I

ADDITIONAL EXAMPLES OF PSIP SUCCESS

Central Savannah River Area Employment & Training Consortium

The CETA prime sponsors in Augusta, Georgia, instituted a Laborers' Training Program. The Laborers' International Union made a needs assessment which showed the geographic area anticipated $13 billion in construction over the next 5 years but had a scarcity of construction laborers. The union proposed a 6 week hands-on training program at a simulated job site to be condicted by the union with guaranteed jobs for everyone who graduated. To date, 3 classes have been graduated. The first class had 27 participants, each of the other classes had 31 participants. All the trainees have been placed in unsubsidized, private sector employment at a beginning wage of $5.60 per hour which is a good wage in that part of the country. The Consortium expects to run 6 or 7 classes this fiscal year, to eventually train 210 people and have at least 180 go to work. One of the outstanding features of this program is the fine cooperation which has developed among the employers, the union and the prime sponsor.

Chamber of Commerce of the Greater Portland Region (Maine)

The Chamber of Commerce of the Greater Portland Region and the Cumberland County Comprehensive Employment and Training Administration developed the Henry L. Hanson, Inc., Machinist Training Program. This program was designed to provide skilled, competent employees for the opening of the Henry L. Hanson, Inc. manufacturing company's new facility in Gorham, ME.

June 5, 1979, the Hanson Personnel Director contacted the Portland Chamber of Commerce to obtain wage and benefits data. At that time, the Manager of Human Resources Development for the Chamber of Commerce and Director of the Private Industry Council, mentioned some training opportunities might be available under CETA. The PIC Director, Mr. Don McNamara, showed the Hanson representative the curricula of other technical training programs which were funded by CETA and taught at the Southern Maine Vocational Institute (SMVTI).

On June 25, 1979, staff of the Southern Maine Vocational Training Institute toured the Hanson Worcester facility to identify the specific needs that would be addressed in course content for a training program. On July 6, 1979, SMVTI proposed to Hanson a ten-week training program for 20 prospective employees to be completed in time for the November 1 opening of the Hanson plant. The program called for space rental, instructor salaries and trainee allowances to be reimbursed by CETA. After receipt of the proposal, the Hanson Company agreed to try the training program and the starting date for training was set for August 20, 1979.

Within the next six weeks, under the direction of the PIC Director, the following problems were identified and solved so the program could begin on time:

Hire an instructor. The difficulty here was finding a competent person who would be employed for only 12 weeks, who could be paid adequately out of program funds.

Solution: Henry L. Hanson, Inc. asked the man who was to be the head foreman for the Gorham plant to relocate to Portland early and serve as primary instructor for the program. This ensured the applicability of the training to the needs of the company and allowed the participants to be trained by their future foreman. CETA funds were set aside for the instructor's salary.

Rent a building and find equipment for training. A building was located within minutes of the Cumberland CETA office and was rented for the vestibule training. The Hanson Company provided the machinery for training at their own expense.

Hire assistant instructors. Graduates of the SMVTI machinist program were hired as instructor helpers for the Hanson program. Some were later hired to work at the new Hanson plant.

Recruit participants. Participants were recruited from newspaper ads, referrals from the local Maine Employment Service Office, and referrals from the CETA Public Service Employment program.

Choose participants. After a pool of eligible participants was established, a group interview session was arranged for August 8. The Cumberland County CETA assessment staff and the Director of Personnel from Henry L. Hanson, Inc., made the final selections.

Sixteen trainees participated in the machinist training program of which 13 (81 percent) were hired by the Hanson Company.

Openness and flexibility are two elements which contributed to the success of this program. The Henry L. Hanson Company was open to the possibilities and opportunities that CETA could afford them. In tûrn, the Cumberland County CETA staff showed flexibility in many areas, such as arranging for Title IIb funding when it became apparent the Title VII funding would not be available until a later date. Cooordination was also a key. Mr. McNamara served as the focal point to whom all those involved in the program design and operation could communicate.

Development of the training program convinced the owners to open their new plant (a company expansion effort) in Gorham, Maine. The training program lasted eleven weeks and cost $2,188 per participant. PSE jobs with that prime sponsor have an average annual wage of $7.90 with 40 percent moving into unsubsidized employment after completion of their work experience.

We have attached as Exhibit of this testimony a newspaper reprint including a report of Labor Secretary Ray Marshall's visit to the Henry L. Hanson, Inc. Machinist Training Program and a New York Times article dated September 11, 1979, describing the Hanson program.

The Wausaw, Wisconsin, Chamber of Commerce

Wausaw, Wisconsin, is a town of 34,000. Its Chamber of Commerce does not describe the town's economy as booming. The Prime Sponsor and the Chamber of Commerce have worked long and hard to develop their Private Industry Council. Already the PIC is engaged in four interesting projects:

(1) An Urban Development Action Grant to build an eight block downtown mall primarly of retail establishments. 10 percent of the construction jobs are provided to disadvantaged people A program to train the disadvantaged for retail jobs is being developed A program to encourage the use of Targeted Jobs Tax Credit (TJTC) in hiring for the occupants of the mall is being marketed as the mall is promoted.

(2) A Timber Workers' Training Program. This is a cooperative program with Owens-Illinois to train the unemployed to be pulp-wood cutters in Northern Wisconsin. The first stage of training is a three week classroom program during which participants are paid $3.10 per hour. The second stage is five weeks of on-the-job training for which participants are paid $4.50 per hour. Every graduate is guaranteed a job offer. Timber workers are paid a piece rate. The lowest paid timber worker in Wisconsin earns $10,000 a year; the highest paid earns $24,000.

(3) The labor market survey conducted by the PEC last fall showed a need for trained factory workers, so the PIC began an eight week Shop Orientation Course. The program is coordinated by the Voc-Ed School and is available to CETA participants. The course teaches work habits and attitudes, general assembly skills, use of hand tools, assembly, disassembly and cutting of all types of raw materials. Fifteen people started on March 17, and 15 more will start in the summer. Placement efforts will be with local firms and coordinated with the Economic Development Director who works in the next office to the PIC Director, both in the local Chamber of Commerce.

(4) LPN Training Program. The labor market analysis also showed a great need for nursing personnel. The PIC negotiated with the Midstate Technical Institute to train CETA eligible people as LPN's in an eleven month program. When they graduate in July, 1980, the participants will have immediate opportunities in nursing homes and hospitals.

St. Louis Metropolitan Private Industry Council

The Private Industry Council is multijurisdictional. It serves six separate prime sponsors in the St. Louis area. Together the PIC and the six Prime Sponsors have developed professional marketing programs to convince business and unions to participate in the whole CETA program. The marketing program is attempting to reach the highest level policy maker in each business approached to explain the range of possibilities under all titles of CETA and work to design specific programs for those businesses. Their message: CETA will develop trained people for tomorrow's jobs at your firm.

Among PIC's successful programs is a screw machine operator training program. It involves two prime sponsors, six business organizations and a union, and will begin on April 1, 1980. The 36 week program will train 100 screw machine operators per year and is expected to last 5 to 10 years. Extraordinary cooperation among very different kinds of organizations was necessary before the program could begin. A building was donated. Equipment was donated by the Department of Defense. Business and labor developed the curriculum, interviewed and selected the participants and will oversee and run the program. Commitments have been made to hire the graduates.

CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington, D.C., April 9, 1980.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Subcommittee on Employment Opportunities, Committee on Education and Labor, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Attached is a statement expressing the views and recommendations of the Chamber of Commerce of the United States on the Welfare Jobs Program and Youth Employment Initiatives.

We will appreciate your consideration of these views and request that the statement be made a part of the record.

Cordially,

HILTON DAVIS,
Vice President,
Legislative and Political Affairs.

Attachment.

SUPPLEMENTARY STATEMENT ON THE WELFARE JOBS PROGRAM AND YOUTH EMPLOYMENT INITIATIVES, BY MADELEINE B. HEMMINGS*

This statement is presented by the Chamber of Commerce of the United States on behalf of its 94,000 business and organization members as a supplement to its statement presented orally on March 25 on H.R. 6796 and we request that it be made a part of the official record of these hearings.

The Work and Training Opportunities Act (H.R. 4425) and the Youth Employment Initiatives Program (H.R. 6711) must be considered in the broad context of the general economy, the federal budget and the high cost of subsidized public and service employment. Although there is merit in a number of proposals in each of H.R. 4425 and H.R. 6711, we oppose any new spending for these programs.

THE ECONOMY, THE BUDGET AND PSE

Today, the nation is beset by high and rising inflation and low economic growth. Federal spending, tax and regulatory policies which encourage consumption and deter capital formation are the primary sources of inflation. Federal spending is growing at an alarming rate. The fiscal year 1980 budget will be $32 billion higher than estimated a year ago for a total of $564 billion—up 73 percent over a period of 5 years. The proposed fiscal year 1981 budget is $616 billion—up $52 billion from fiscal year 1980. One significant element in the budget is the cost of public service employment.

Public Service Employment (PSE) is federally subsidized jobs for local and state public employers and non-profit organizations. These jobs are created to provide the disadvantaged with an opportunity to gain work experience and training with a public employer. Most public service employment is available under the various titles of the Comprehensive Employment and Training Act (CETA). An examination of the proposed 1981 budget reveals the following proposal:

	Number of jobs	1981 cost (billions)
CETA:		
Title II B and C	375,000	$2.100
Title II D	250,000	2.554
Title III	20,000	.651
Title IV A	(1)	.825
Title VI	200,000	2.0
Job Corps	44,000	.579
Summer youth employment program	[2] 1,000,000	.873

[1] Not determinable.
[2] Temporary.

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*Associate director for education, employment and training, Chamber of Commerce of the United States.

The Administration's Work and Training Opportunities Act (S. 1312) would create a new Title II E of CETA and reserve 62.5 percent ora 155,000 jobs under Title II D for welfare-eligible individuals and create 400,000 more PSE jobs. The Congressional Budget Office (CBO) estimates that to provide jobs for those eligible under S.1312 and estimating an unemployment rate of 6.8 percent, the program looks more like the following:

S. 1312:	1982
Number of jobs	776,000
Gross cost	$7.8 billion
Net cost[1]	$4.5 billion

[1] Net cost = Gross Cost less savings in other assistance program.

H.R. 4425 comes very close to a massive patronage system. Any student of CETA knows how difficult it has been to move PSE participants off the public payrolls into permanent private employment. H.R. 4425 bill eliminates this problem by eliminating the time limit a participant may stay on PSE as long as the participant goes into an eight week job search every 78 weeks. Public employers will be able to keep participants on their payrolls indefinitely except for this break. This not only will cause great resentment on the part of regular CETA participants who can stay only 18 months; it will also build in the opportunity for permanent dependence on subsidized employment.

The U.S. Chamber does not underestimate the problem of cutting federal spending. We submitted our suggestions on that subject to the House Committee on the Budget on March 6. However, continuing to pass legislation which includes mandated program growth and entitlements in future years such as the Work and Training Opportunities Act and the Youth Employment Initiative Program will only increase the difficulty of budget reductions.

WELFARE JOBS

The Chamber agrees that those on welfare who can work should work and should be assisted in finding work. This is what CETA and the United States Employment Service (USES) are for.

The nation needs to turn its attention to better programs to encourage private employers to hire the welfare recipient. The New Jobs Tax Credit of 1976 provided a substantial incentive for employers to hire low-skilled workers. Estimates of program success in the two years of its operation vary, but its success in encouraging increased employment in the construction and retail industries in 1977 and 1978 are documented. The Targeted Jobs Tax Credit is a much smaller substitute that should be encouraged. The Chamber is prepared to assist in publicizing and encouraging participation in such programs.

The University of Wisconsin's Institute for Research and Poverty has shown that "employment subsidies directed toward private sector employment, if targeted on disadvantaged groups of workers, can clearly offset the labor market distortions caused by minimum wage legislation and racial discrimination.[1]

Tax and subsidy incentives to place welfare recipients in private sector jobs will be money better spent than $4.5 billion a year net cost to keep welfare eligibles on the public payrolls. The nation can no longer afford a massive PSE spending program particularly when the system design provides virtually no incentive for the public employer to move the participants to private employment or for the public service employees to go themselves. H.R. 4425 will spend vast amounts of money to create a permanently dependent class. Not only is it wasteful; it is cruel.

YOUTH EMPLOYMENT

The Youth of this country are an extremely valuable national resource on which the future of the nation depends. Business people are deeply concerned about high youth unemployment, particularly unemployment concentrated among minorities. We are concerned as well about the employability of all of America's young people. Over the next 6–10 years, employers will need to hire a very high percentage of the youth coming out of school. For the United States to return to the high productivity levels it previously enjoyed, business must have employees who are prepared to work efficiently. Business, labor, education and government must join hands now to provide adequate education, skill training, job preparation and career education for in-school youth and re-entry points for out-of-school youth.

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[1] "Focus," published by Institute for Research on Poverty, University of Wisconsin, Madison (Vol. 4, No. 1, fall 1979) p. 18.

In a time of major budgetary concern, we should not rush through the Congress legislation which is not fully thought-out and well-designed. We must carefully examine the problem, then target our scarce resources where they will do the most good.

On March 5, 1980, Sar Levitan of the Center for Manpower Policy Studies and Willard Wirtz of the National Manpower Institute pointed out before this Subcommittee that the Bureau of Labor Statistics (BLS) on youth unemployment are subject to serious question. Also, Martin Feldstein and David Ellwood of the National Bureau of Economic Research (NBER) have published a study which casts doubt on the stereotype of the black, center city resident as the young unemployed person—although young blacks comprise 15 percent of the unemployed, a serious problem. These authors find that teenage unemployment relates to education and income, rather than race. 87 percent of unemployed youths live at home. Their periods of unemployment are short with 55 percent finding a new job within a month while only 10 percent are out of work as long as 26 weeks.

Clearly a revision of BLS statistical practices is necessary to enable Congress to target resources on the most critical needs and to evaluate the program's results.

The known demographics of the 1980's should also be a major concern in design of youth employment legislation. BLS estimates that by 1990, the number of 16–24 year olds in the labor force will have decreased by about 16 percent and this age group will be 18.4 percent of the labor force, down from 23.9 percent presently. These figures mean that our economy may be experiencing labor shortages at the entry levels over the next 10 years. Labor shortages mean more willingness on the part of employers to hire and train young people who exhibit potential. We should not establish a bureaucracy to take care of a problem that, if properly addressed, will disappear.

There is no question that the school-to-work transition is more difficult for today's youth than it has been in the past. One reason is that the schools are not producing people who can read, write, compute and communicate. Young people with these basic skills who are responsible for their own behavior are viewed by employers as having potential and as employable.

Young people also need career information and training in how to get a job. The preparation of students to enter the labor market must become a responsibility of the schcools. The 22 percent of CETA money which now goes to schools—or the money designated for education in the H.R. 6711, should provide for this accountability.

H.R. 6711 is targeted on the junior high and high school levels. The problem of school drop-outs and non-participation of those physically present develops much earlier that junior high. Students must not be allowed to fall so far behind by the 3d and 4th grades that they cannot participate intelligently in classroom activities. For the next 3 or 4 years, students are miserable. Then, we will attempt to rescue them with a federal program designed to teach basic skills they should already have.

Business, education, labor and government must join hands to improve the employability of our young people. Together we must help the school systems provide career guidance, work observation and experience for the maximum number of students and for the teachers and guidance counselors. We must see that career education permeates the entire curriculum from Kindergarten through graduate school.

Whatever training programs are adopted must create an achievement record for the participant. The record must be of real achievement so that the employer community comes to know and respect it.

The most appropriate vehicle for organizing support for the educational system is the Private Industry Council (PIC). PIC's can rally the business people who have a long-term stake in community development and utilization of the local labor force. CETA Title VII which authorizes PSIP, is a beginning in terms of developing private employers in an institutional way. PIC is a beginning. We need to continue to build these organizations. As senior business executives become PIC members and become comfortable with the process, PIC's will be able to deliver a variety of services to old and new populations: Assist with selection, certification, training, development of training opportunities, work experience opportunities, design of educational programs and providing job information to educators and counselors. This means that the PSIP program needs to be reauthorized and that the PIC's should be given a legislative mandate to participate in program design. The U.S. Chamber federation is prepared to assist the PIC's in developing a supportive relationship with local education communities, local government, CETA and unions.

Vocational education has proven itself as a way to prepare non-college bound students for the world of work. It has proven itself able to develop student enthusiasm for basic skills training by relating it to specific Job skills training. Vocational educators, CETA prime sponsors and PIC's should be encouraged to develop joint programs of basic skill building, job training and paid work experience of disadvantaged youth. The legal obstacles to providing similar programs for out-of-schcool youth must be removed.

Effective community-based organizations need help, and should receive consideration in any reauthorization of the current Youth Programs. The Opportunities Industrialization Centers Career Interm Program is one such program. It is an alternative high school program for 16–21-year-olds who have dropped out of school or are in serious risk of dropping out. It has helped students to finish high school and showed many the way to more education. The cost has been $248 per student per month which compares favorably with costs of vocational education in Philadelphia.

The U.S. Chamber supports amending the Fair Labor Standards Act to establish to subminimum wage for youth. Because we believe the real solution to youth unemployment is unsubsidized work in the private sector, we advocate real incentives to employers to give America's young people a good start in the work world. Professor Walter Williams of Temple University's Department of of Economics believes that "this year's 7-percent increase in the minimum wage will cause unemployment among low-skilled black teenagers to rise from 35 percent to at least 40 percent."[1] Further, "we have cut to bottom rungs off the economic ladder and the consequence is that for the first time in U.S. history, we have developed a permanent welfare class."[2] Allowing employers to pay people under 20 less than the federal minimum would, according to Professor Williams "create no hardship because almost all people on the minimum wage are unmarried or part time employees; no more than ½ of 1 percent are responsible for supporting a family."[3]

Child labor laws should be reexamined to assure that they are not protecting (preventing) our children from getting their first job. Congress should remove the governmentally established disincentives to hire our young, inexperienced, lower-skilled people. This will do far more toward assuring our youth of America's promise than millions of dollars spent on federally subsidized jobs. The nation cannot afford it. It does not work. What is worse, according to Prof. Irving Piliavin of the University of Wisconsin, there is some evidence that young people who have been in short-term job training programs are more likely to turn to crime when the program ends, as a way of maintaining the improved life style that the regular income offered.

SUMMARY

The U.S. Chamber recommends that no new funding be approved at this time for the Work and Training Opportunities Act and the Youth Employment Initiatives. We cannot afford to have this burden added to what we are already subsidizing in public service employment. In the area of welfare jobs, the Chamber recommends:

(1) reauthorization and strengthening PSIP to assist in moving employable people from welfare and CETA programs into private sector jobs.

(2) reauthorization and expansion of the Targeted Jobs Tax Credit and the development of other incentives to encourage private business to provide work and training opportunities for the disadvantaged.

The Youth Employment Incentives Act is an example of the type of program which makes control of the federal budget extremely difficult. New money expenditures in the first year are relatively low but much higher costs are mandated beginning 18 months later. Such funding does provide important planning time but the $6 billion commitment in 1982 is clearly excessive.

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[1] Time. Jan. 2, 1980 p. 66.
[2] Ibid.
[3] Ibid.

The Chamber recommends in connection with the Youth Employment Incentives Act that:

(1) BLS methodology for measuring youth employment be carefully reviewed by recognized statistical authorities. With accurate knowledge of the problem, program design can be more efficient and results more accurately monitored.

(2) No long-lived bureaucracy be established to cope with a problem that will disappear in 6 to 10 years if properly managed now.

(3) The employer, education, labor, government and CETA communities be encouraged to work together as the one community they are to: improve the employability of our young people, encourage career education, work with schools to provide real job information and experience to students, teachers, and counselors, and support vocational education.

(4) Reauthorize PSIP and give the major role for leading business participation in the youth employability effort to the Private Industry Councils.

(5) Remove the legal obstacles to school dropouts returning to school for basic and vocational education.

(6) Adopt a subminimum wage provision under the Fair Labor Standards Act for youth.

(7) Reexamine the child labor laws to determine which protections are still needed and which serve only to prevent young people from getting a first job.

(8) Above all, provide accountability within the entire educational system for preparing youth for the world of work.

STATEMENT OF MADELEINE HEMMINGS, ASSOCIATE DIRECTOR, HUMAN RESOURCES, CHAMBER OF COMMERCE OF THE UNITED STATES, ACCOMPANIED BY CHARLES J. RAE, EXECUTIVE DIRECTOR OF THE PRIVATE INDUSTRY COUNCIL, INC. AND MANAGER OF MANPOWER FOR THE GREATER SPRINGFIELD CHAMBER OF COMMERCE, SPRINGFIELD, MASS., AND HILDA HEGLUND, VICE PRESIDENT, HUMAN RESOURCES, METROPOLITAN MILWAUKEE ASSOCIATION OF COMMERCE, MILWAUKEE, WIS.

STATEMENT OF MADELEINE HEMMINGS, ASSOCIATE DIRECTOR, HUMAN RESOURCES, CHAMBER OF COMMERCE OF THE UNITED STATES

Ms. HEMMINGS. Mr. Chairman, I will summarize the statement that we filed with you yesterday.

My name is Madeleine Hemmings. I am associate director of human resources for the Chamber of Commerce of the United States. With me today are Charles J. Rae, executive director of the Private Industry Council, Inc., and manager of manpower for the greater Springfield Chamber of Commerce, Mass.; and Hilda Heglund, vice president, human resources, Metropolitan Milwaukee Association of Commerce, Milwaukee, Wis.

Both Mrs. Heglund and Mr. Rae play leadership roles in their communities' private sector initiative programs. We are here today on behalf of the chamber of commerce, and its 94,706 business and organization members, to support H.R. 6796 sponsored by you, Mr. Chairman, Mr. Perkins, and Mr. Jeffords.

The chamber of commerce supports H.R. 6796 which would reauthorize title VII of the Comprehensive Employment and Training

Act, known as the private sector initiatives program. I will briefly discuss PSIP in general. Mrs. Heglund and Mr. Rae will discuss their private industry councils and their accomplishments, and after that I will summarize the U.S. Chamber's position on H.R. 6796.

PSIP was a turning point for CETA. CETA was enacted in 1973 to reorganize the delivery system for the many Federal employment and training programs which had evolved during the 1960's and early 1970's. CETA's basic purpose was to consolidate these programs under one administrative system and to allow for local planning and operation of the programs.

As the Nation moved into the 1975 recession, CETA was the most readily available program for the administration and Congress to use to channel rapid countercyclical relief to the unemployed in the municipalities. As CETA's budget was increased roughly tenfold between 1974 and 1978, and its mission altered, great stress occurred in the system. Training was deemphasized in favor of subsidized public service employment, which has come to be called PSE.

PSE proved not very expensive and not very effective at preparing the disadvantaged for unsubsidized employment. In 1978, both Congress and the administration recognized that something had to be done to bring CETA back to its original purpose. The private sector initiatives program emerged as the answer.

Under PSIP, the Government will help pay to train the hard to employ. The employers will design the training. They will be helped to develop in-house training, if they wish, or the training may be done at community colleges or other training centers.

To live up to its potential, PSIP requires dedicated people, financial resources, and multiorganizational support. PSIP has benefited from the skill and commitment of professionals, such as the people who are with me, but it has labored under other extraordinary difficulties.

From the beginning, PSIP has faced funding uncertainties which have raised serious doubts whether the program would ever get underway. In the 1979 supplemental budget, $100 million was requested for PSIP, but was not granted. In July 1979, the Department of Labor reallocated $75 million of its funds to show that PSIP could work. DOL extracted a promise from Congress that $325 million would be forthcoming in fiscal year 1980.

PSIP received its first funding in 1979, making 1980 its first year of operation. In spite of this, 34 early test sites have had 18 months to organize private industry councils which we call PIC's, set priorities, and develop and carry out programs, and 436 other PIC's have had 14 months or less in which to operate. With encouragement from the Department of Labor, 95 percent of the prime sponsors established PIC's, but the PIC's have had definite funding allocations for only about 9 months.

PSIP has also had other problems. Some prime sponsors found it difficult to arouse enthusiasm for a new program which amounted to only 5 percent of the total CETA funding. PSIP did not seem worth a major commitment in time and effort.

Also, many in the private sector thought of CETA as a public jobs program, or patronage system, if they knew of CETA at all. In spite of these difficulties, those who took up the challenge of making CETA work have had remarkable initial successes. Hearing these stories cannot help but convince the subcommittee of the program's value.

Mr. Charles Rae will tell us of his program first.

STATEMENT OF CHARLES J. RAE, EXECUTIVE DIRECTOR OF THE PRIVATE INDUSTRY COUNCIL, INC. AND MANAGER OF MANPOWER FOR THE GREATER SPRINGFIELD CHAMBER OF COMMERCE, SPRINGFIELD, MASS.

Mr. RAE. As director of the private industry council in Hampden County, Mr. Chairman, I am responsible for its overall administration. We feel that we have a private industry council that is typical of the way a private industry council should run. We have all the key elements to provide a proper setting to train disadvantaged individuals for private sector jobs.

We are established as a nonprofit corporation. We are independently managed by the Chamber of Commerce. Our staff consists of seven individuals with one purpose, to influence the supply and demand of skilled labor, to train people for the jobs that are available in industry today—and there are jobs available; I have several exhibits here which will document that.

We have gone far beyond the scope of title VII legislation. Besides the programs run with title VII funding, and machine programs that train approximately 215 disadvantaged individuals, we utilize private sector funding, additional funding to train and place people in our Hispanic community into private sector jobs.

The key to our success is private sector involvement. We have a board of 37 individuals. These people, for the majority, are from business. They have expertise in what their company needs. They know their particular fields. They know what their labor market is.

Because of this, we have been able to effectively interact with these companies for the purposes of industrial expansion. A key part of our program is economic development. When companies are willing to expand, or when they want to expand, when they need people, they need a vehicle to convey their needs to the public sector. We are this vehicle in our community.

For many years in the Hampden County-Springfield area there has been no vehicle as the private industry council that is useful to the private sector in identifying all sorts of education. We have a triad approach. We work with schools. We work with the CETA training skill center. We work with junior colleges. We feel to effectively satisfy the needs of industry, you must impact on all levels of education and training. We feel we have successfully done this.

I would like to give you a couple of examples. Several months ago we met with area educators for the purpose of explaining to them the plight of machining companies in Hampden County. There are several hundred jobs open in our community paying in a range from $5 to $8 per hour. They are unfilled, and the machines are idle. We have a large number of disadvantaged people in our community, and those people could be running those machines.

We found, when talking to the prime sponsor, when talking with educators, they did not understand the needs of industry. They did not understand what business really wanted. By meeting with them, and serving in an advisory capacity, we have been able to put the total system together in the Springfield area for the purpose of placing people into meaningful employment.

We feel this is the essence of the private industry councils; impact supply and demand of labor, place people in private sector jobs, utilize the skills of the private sector, utilize the complete community, and provide job opportunities to the disadvantaged.

I would like to read a letter. These are four letters from key companies in our area. I will just take excerpts out:

> These machines sit idle for one or two shifts due to the lack of skilled machinists to operate them. I strongly urge your support for the development of skills training and skills upgrading programs to meet current and future manpower needs.
>
> Skills upgrading is a subject that has been seriously considered by the machining industry, and one that offers unique opportunities to both employers and employees. Through a formal training program aimed at upgrading skills of entry-level employees, a company will be able to upgrade its workforce, while substantially reducing training time and costs. Moreover, with this upward mobility, additional entry-level positions will be created for minority and nonskilled trainees, who will in turn benefit from the process.

This company is American Bosch, a division of United Technologies:

> This manpower shortage severely hampers our company's ability to expand. It is currently a problem, the magnitude of which drastically affects our current production capabilities. It is for this reason that we fully support the Private Industry Council, and its efforts to increase the training capacity of area facilities, thus balancing supply and demand.

The point that I am trying to make, Mr. Chairman, is that the private sector has a need. If they become interested, and the private industry councils can serve as a focal point, they will indeed respond to the needs of the public sector.

I have here clippings from various articles that have appeared in our local newspapers. One is for a Hispanic employment program. It is a program created with private sector funds, private sector expertise. We have been in business for 2 months with this program, and we have already placed 50 individuals in private sector jobs at a very low cost. This is true private sector initiative.

We feel that being a nonprofit corporation, we can go beyond the scope of title VII. We can train people, and we can place people using the expertise of industry.

We have worked closely with the school departments. I have here some clippings: "Industry pleads with schools to train machinists." "Demand for machinists outlined to educators." We have had a good response. The educators are willing to work with the private sector, but they have not had a focal point. We feel that our private council is this focal point.

Thank you.

Exhibit 1

skills training: the keystone to economic development

skills center history

The Hampden District Regional Skills Center was founded in 1970 in the former Rex Chain Belt facility on Plainfield Street, Springfield. The evolution of a self-contained manpower training program came as the result of a series of meetings between Frank D. Gulluni, Edward S. Koster — Director of Putnam, and Springfield School Superintendent Dr. John E. Deady. Prior to this point the training component had been housed within the existing Putnam Vocational Technical High School. Given the constraints of sharing a facility with an on-going population of youth, a decision was made to separate the manpower component. In September, 1970, with the assistance of Paul Brown, Supervisor, State Department of Occupational Education, the Skills Center became a reality. The funding agent at that time and through 1974 was the predecessor to CETA, the Manpower Development and Training Act of 1963. During the closing months of 1970 the Skills Center opened its doors with an instructional configuration of eight and a student population of fewer than one hundred. Program offerings were very limited, and the recognition was constantly present that to succeed in this major endeavor required a significant increase in programs and population. Soon thereafter, Skills Center personnel met with the State Department of Occupational Education and the local office of the Division of Employment Security. Collectively, a grant was developed and subsequently funded at the rate of $250,000. This major breakthrough provided the impetus to engage in a transitional stage out of which arose increased programming and greater numbers of participants. In 1973 the Skills Center was accorded national recognition and officially stamped as one of only sixty accredited Skills Centers in the United States.

At this juncture in its brief history, the Skills Center was offering to the local employer community approximately 300 graduates annually in programs that included Clerical, Food Services, Air Conditioning and Refrigeration, Small Engine Repair and Nursing Assistant.

In 1974 the Plainfield Street location was scheduled for demolition, as it was to become part of the land taken for the New North School complex. Having pursued very intensively the availability of appropriate facilities, the Skills Center administration settled on quarters in the South End of Springfield on Leete Street. This was the former location of the Springfield Wire Company. Within a very short period of time there was an obvious need for expansion and the result was the construction of a small bridge between the Wire Company and Bemis & Call. The rear entrance of the Bemis & Call Company was approximately twenty feet from the existing facility. Having constructed the bridge, program expansion became a reality and included the establishment of the Electronics component. It was during this period on Leete Street that the Skills Center became an integral part of the employer community in Greater Springfield. With the advent of an additional training facility in the old Elmwood School in Holyoke the Skills Center, during 1974 and 1975, began graduating annually almost 500 participants, most of whom were employed in local industry.

Within two years of the relocation to Leete Street, the Springfield Wire Company business began expanding and as a result the Skills Center was unable to continue its lease arrangement for 1975. At that juncture, and given the fact that the South End of Springfield seemed to be an appropriate location for the training population, the pursuit, once again, was on to locate adequate quarters for the expanding population of eligible residents throughout Hampden County.

It should also be noted that at this time the CETA program succeeded MDTA. The Skills Center became a CETA entity in January 1975 and almost concurrently moved into facilities in the South End located at 322 and 340 Main Street. During the following 3½ years introduced into the curriculum were such programs as Welding, Sheet Metal, Machine Occupations, Electronics Test Technician, Computer Technician, Graphics, Drafting Technology, Tool and Die, Respiratory Therapist, Auto Mechanics, and Auto Body. Literally, the whole concept of the program had changed perceptibly to become an even greater force in the economic development picture throughout the industrial community in the Pioneer Valley.

With CETA's major initiatives changing during 1977-1978 from public service employment to skills training programs, and due to inadequate and unsafe conditions in the Main Street quarters, it became obvious that the Skills Center needed much more space than was presently available in both its Springfield and Holyoke training sites. Again, the search was under way to locate buildings consistent with the growing needs of employers in the area. During the first part of 1979 the Skills Center in Holyoke was transferred to the former Holyoke Community College site on Sargeant Street. Not only did the Skills Center move into a much more modern building, but perhaps even more importantly, expanded its space availability in excess of 20,000 square feet. In Springfield an ideal location was found at 140 Wilbraham Avenue. The former Diamond National Company provides approximately 105,000 square feet of space, which more than doubles the square footage of the buildings at 322 and 340 Main Street.

Essentially, effective the month of October, 1979, the Hampden District Regional Skills Center will be housed in Springfield and Holyoke in combined space of more than 150,000 square feet. This capability will enable the Skills Center to continue to work closely with the Hampden County Manpower Consortium and to expand beyond that point as a non-profit-making institution to evolve even closer liaison with business and industry throughout the Hampden County region.

With the advent of the Private Industry Council, there appears to be every opportunity that within the next year the Skills Centers in Springfield and Holyoke will train and graduate in excess of 2,000 participants. It is anticipated there will be significant expansion evolving especially in the occupational clusters of Electronics and Machine. There is every expectation during the next 12-18 months that more than 1,200 graduates within these two clusters will be available to industries in Western Massachusetts. The Hampden County Manpower Consortium, the Private Industry Council, the Hampden District Regional Skills Center, the State Department of Manpower Development, the Office of Commerce and Development and the elected leadership in each of the County's twenty-three cities and towns expect to work coordinately and cooperatively with the private sector to insure that major economic development efforts in Hampden County become a reality. Certainly, the expansion of skills training programs to the level described in this brochure and, as you can observe from your tour of the Springfield facility, proves unequivocally that Hampden County elected officials, manpower representatives and local employers are working to insure the future economic growth and success of the community.

people make it work

Legislators, including Senators Kennedy and Tsongas and Representatives Boland and Conte, make the Hampden District Regional Skills Center work by becoming involved in the granting of appropriate funding to support such skills training entities. These same individuals have also employed their legislative talents to insure the passage of the new CETA Title VII, which brings into focus for the first time the total involvement and participation of the private sector in the CETA system. Frank D. Gulluni, Michael J. Russo and Hank J. Drapalski, Hampden County Manpower Consortium, and Anthony M. Molé, David M. Cruise and Norman T. Hale, Skills Center Supervisors, administer the executive details and execute the management of this major skills training facility.

Skills Center counselors and instructors make the program work through their diligence and perseverance in insuring that graduates of the program have received training and services compatible with the transition to the private sector.

Business and industry make the Skills Center work through their continuing faith in the Skills Center administration and as a result of their hiring and retaining Skills Center participants.

Most importantly, it is the training population who make the Skills Center work successfully. As a result of their desire to succeed and enter the world of work the Skills Center has become an integral part of the economic development picture in Western Massachusetts.

All of these people — legislators, Skills Center and Consortium administrators and personnel, business representatives, CETA Center staff and Skills Center participants — make it work — to such an extent that the Hampden District Regional Skills Center is now considered among the leading skills training facilities in the Nation. The Skills Center has become a major asset to Hampden County employers — PEOPLE in our community MAKE IT WORK.

United States Senate
Washington, D.C. 20510

Mr. Frank Gulluni, Director
Hampden County Manpower Consortium
1176 Main Street
Springfield, Massachusetts

Dear Mr. Gulluni,

I would like to extend my hearty congratulations on the dedication of the Hampden District Regional Skills Center.

This highly successful skills center has played an important role in strengthening the economic foundation and encouraging vital community development programs in Western Massachusetts. This Center exemplifies a tireless dedication and innovation by the staff and the participants in establishing it into a national model.

At this time, I offer my full support and all my best wishes for the future success of the Hampden District Regional Skills Center.

With warmest regards.

Sincerely,
Ted Kennedy
United States Senate

Congress of the United States
House of Representatives
Washington, D.C.

Mr. Frank Gulluni, Area Manpower Administrator
Hampden County Manpower Consortium
1176 Main Street
Springfield, Massachusetts 01103

Dear Frank:

I would like to congratulate Hampden County and the officials of the Hampden District Regional Skills Center on the opening of their new facility on Wilbraham Avenue in Springfield.

This new facility will expand the opportunity for skills training which is so necessary for the retention of existing industries and for the continued economic growth of the Greater Springfield community.

Sincerely yours,
Edward P. Boland
Member of Congress

United States Senate
Washington, D.C. 20510

Mr. Frank D. Gulluni
Area Manpower Administrator
Hampden County Manpower Consortium
1176 Main Street
Springfield, MA

Dear Frank:

It gives me great pleasure to offer you my congratulations on the opening of the new Skills Center in Springfield. This opening marks a significant expansion of job training services provided by the Skills Centers which are needed for the continued economic growth and development in the area.

The importance of the Springfield Skills Center to the overall economy of the area cannot be overstated. I have not spoken with a single businessman or community leader from Springfield who has not mentioned this program in a discussion of crucial ingredients in the city's revitalization efforts.

I am happy to have been able to support the Skills Center in efforts to obtain monies for the rehabilitation of their new facilities and I offer my support and assistance from my staff in the future.

Sincerely,
Paul E. Tsongas
United States Senate

Congress of the United States
House of Representatives
Washington, D.C. 20515

Mr. Frank D. Gulluni
Area Manpower Administrator
Hampden County Manpower Consortium
1176 Main Street
Springfield, Massachusetts 01105

Dear Mr. Gulluni:

I was very pleased to hear of the scheduled Grand Opening of the new Hampden District Regional Skills Center in Springfield, slated for October, 1979. My constituents from Hampden County will indeed be fortunate to have this new facility at their disposal.

The opening of the new facility for the Skills Center and the subsequent increase in training capabilities from 1,200 to 2,500 people per year will heighten this positive impact. The contribution to the local economy is not only in the form of assistance to the unemployed, for it will also help to attract new industries to the area and retain those already here.

Yet the most glowing tribute that can be made to the Hampden County Skills Center is in the individuals it has helped. It has taken people who were down and out — people with no job and no marketable skills — and has provided them with a future. The opening of this new facility means that even more of the unemployed will have this opportunity, and this not only makes their future brighter, but ours as well.

Cordially yours,
Silvio O. Conte
Member of Congress

The Commonwealth of Massachusetts
Executive Department
State House, Boston 02133

The Honorable Theodore E. Dimauro
Mayor of Springfield
City Hall
36 Court St.
Springfield, MA 01103

Dear Mayor Dimauro:

Congratulations on your completion of the New Hampden District Regional Skills Center.

You and the Hampden County Manpower Consortium (HCMC) have every reason to be proud of the opening of this new facility. In addition to meeting labor shortages faced by many area businesses, you are providing an excellent opportunity for unemployed and economically disadvantaged citizens to find permanent, unsubsidized jobs.

As you know, we hope to replicate the success of the Springfield Skills Center in at least four other areas of the Commonwealth. With guidance and assistance from Frank Gulluni, HCMC Director, we hope to enjoy the same fine completion and placement rates as those achieved by the skill center in Springfield. As an important component in the State's economic development strategy, we see the four regional skill centers as a major catalyst in getting industries to locate and expand in Massachusetts.

Again, congratulations!

Sincerely,
Edward J. King
Governor

36 Court Street
Springfield, Ma. 01103

As the Chairman of the Executive Committee for the Hampden County Manpower Consortium and Mayor of the City of Springfield. I wish to take this opportunity on behalf of the 23 communities which comprise our County to congratulate the Hampden District Regional Skills Center on its recent expansion program, which has resulted in new facilities at 140 Wilbraham Avenue, Springfield.

The Skills Center, for some period of years, has performed a major role in the economic community of Hampden County and, more importantly, has impacted significant numbers of unemployed residents. As a result of their involvement with the Skills Center and CETA, these individuals are now employed in full-time, unsubsidized positions, most of which are career-oriented.

I am certain we will continue to observe a very positive relationship between the Skills Center and private industry. The private sector has a continuing need for trained personnel and the Skills Center has continually responded to the labor market demands of significant numbers of local employers. I am most proud to have been involved in the Skills Center's expansion program and I fully anticipate continued growth and success for the Skills Center and the Hampden County Manpower Consortium.

Congratulations,
Theodore E. Dimauro
Mayor — City of Springfield

The City of Springfield, Massachusetts
Hampden County Manpower Consortium
1176 Main Street

As the Director of the Hampden District Regional Skills Center since its inception in 1970 and through March, 1978, I have always recognized the Skills Center's major objective is to perform a valuable service both to the employer community and the economically disadvantaged population. To some degree this goal has been achieved during the past nine years, however, with the advent of the new Skills Center at 140 Wilbraham Avenue and expanded skills training facilities in Holyoke, there is no doubt that the Skills Center, in conjunction with the Hampden County Manpower Consortium, will perform a critical role in the entire process of economic development in Hampden County.

Presently, more than 200 employers annually accept graduates from the Skills Center for full-time, unsubsidized employment. In the next year I expect that number to increase to more than 500 employers, as the Skills Center will be training significantly more than 2,000 participants for career opportunities within local industry.

I wish to take this opportunity to congratulate both the administration and staff of the Skills Center. These individuals have proven unequivocally that CETA can be a viable mechanism for training the disadvantaged for employment opportunities in the private sector. As we proceed into our tenth year of Skills Center activities, I look forward to even greater success in training Hampden County residents for viable and long-term employment opportunities with local industry.

Congratulations,
Frank D. Gulluni
Area Manpower Administrator

WHAT IT CAN DO FOR YOU

CETA

Private Industry Council

The Private Industry Council has been developed as a result of recent legislation by the Congress of the United States. As part of the re-establishment of CETA the President and the Congress agreed to the institution of a Title VII, which has evolved the Private Sector Initiative Program. Literally, Prime Sponsors across the Country now have the responsibility to evolve a Private Industry Council, whose membership is comprised of at least 51% representation from the industrial community. The major responsibility of the Private Industry Council is to insure that the CETA system of labor supply is compatible with the demand as expressed by local industry. In Hampden County the Private Industry Council has been in operation for less than one year and has proven already to be a very definite asset to the future of skills training programs. Private Industry Council leadership has been established by Herb Almgren, Shawmut First Bank, and Leon McGlauthlin, Western Mass Electric Company, together with the administration of the Greater Springfield Chamber of Commerce. A major objective of the Private Industry Council is to assist the Hampden County Manpower Consortium in the completion of the Skills Center so that the private sector and the public sector can work together even more profitably and successfully.

1

Hampden County Prime Sponsor

The Hampden County Manpower Consortium is the CETA Prime Sponsor for the 23 cities and towns which comprise Hampden County. The Consortium is responsible to administer all CETA funding that emanates with the United States Department of Labor. To effectuate the on-going processes of the Consortium, which involve many thousands of participants annually, there has been established an Executive Committee, who, in collaboration with the Prime Sponsor Administrator, determine policy for all CETA-related activities. In addition to the skills training programs, the Consortium operates the Public Service Employment program, the Summer Youth training component and a number of on-going youth projects.

2

CETA Center Services

The Hampden County Manpower Consortium is responsible for the establishment of the CE[illegible] Centers, one of which is housed in the new Skills Center at 140 Wilbraham Avenue. The initial relationship between the potential participant and the CETA system is established within the Center. The staff are totally professional and very cognizant of their major responsibilities to provide each individual with relevant information about CETA programs throughout Hampden County. Within the CETA Center concept there are a myriad of services available to the client, which include counseling, occupational information, job orientation and occupational assessment. In addition [illegible] the foregoing, there is also the availability of current data about other training and services systems throughout Hampden County.

3 4

Employment and Training

The Skills Center offers to each participant an in-depth program designed exclusively to meet the needs of the participant. The first and perhaps most significant component of Skills Center activity is the Orientation and Assessment format. During this timeframe of 3-5 days the client is provided a number of hands-on and formal assessment batteries. The primary objective is to determine the most appropriate occupational cluster and to establish further the needs for academic remediation and other supportive services. Subsequent to the completion of this mechanism a number of counseling sessions are convened with the client in order to insure the evolvement of a program that is compatible with the needs of the individual. Within the Skills Center there are available a minimum of fourteen occupational clusters, anyone of which might be appropriate for the client who has recently completed the Assessment program. In addition to the occupational training, the Skills Center features a number of other components that include English-As-A-Second Language, high school equivalency, remedial education, vocational and personal counseling, job orientation, training-related programs of mathematics and blueprint reading and job development, placement and follow-up. The Skills Center is successful in transitioning participants to the private sector due to its recognition that all of the participants' needs must be served.

5

World of Work

The World of Work component, as instituted by Skills Center personnel, has proven to be a major catalyst in the overall success pattern of Skills Center participants. As a result of the outstanding efforts that are made by the personnel in this services component, significant numbers of Skills Center graduates are provided greater opportunity for success in the local labor market. The trainee commences activities within the World of Work component at the same time that the occupational cluster is established. Throughout the timeframe that the participant is involved in occupational training at the Skills Center there is also established a minimum requirement of two hours each week in the World of Work mechanism.

6

Services Provided to Employers

For some period of years the Skills Center has been working closely with local industry. During the past five years more than 3,000 Skills Center graduates have accepted full-time unsubsidized employment in the local labor market. The Skills Center has always listened very attentively to the needs expressed by business and industry. As a result the Skills Center has averaged the implementation of one or two new training components each year. It is essential to the future of the Skills Center and its participants that the relationship between Skills Center personnel and industry continues to grow and prosper.

what industry is saying

"We are grateful to have a ready source of trained applicants available when needed. The Skills Center is one of the few agencies which we can honestly state is ever ready and able to render supportive services on a continuous basis."

MARVIN H. JONES
EMPLOYMENT SECTION
SUPERVISOR
AMERICAN BOSCH

"The quality of applicant referred by the H.D.R. Skills Center exceeds any other agency with which we deal. Their skills, work habits and attitudes that the Skills Center has helped develop have become an asset of the Milton Bradley Company."

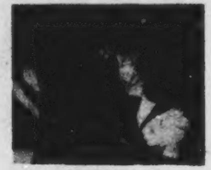
MICHAEL D. NIZIOLEK
Manager-Employee Development & Training
MILTON BRADLEY COMPANY

"The Skills Center graduates that we hire are some of the best qualified and certainly the most motivated employees we now have on staff."

GLENN CRATTY
REGIONAL PERSONNEL
REPRESENTATIVE
DOW JONES — THE WALL
STREET JOURNAL

ceta and the skills center
residents for employment

Initial contact provides overview of CETA process and Skills Center services



Information Center further identifies vocational interests along with educational and employment options

Phase Two assessment includes work sampling and standardized testing along with occupational assessments to identify aptitudes for and specific interest in vocational training

"The job preparation training in the H.D.R. Skills Center has created a positive attitude not found in many employees recruited from other technical schools."

WALT BROWN — PRODUCTION
MANAGER
Small Tapes Division
DIGITAL CORPORATION

"The majority of our entry-level applicants must have some knowledge of blueprint reading and machinery background. The Skills Center has been able to refer applicants to us who have this type of training and the ones we hired have worked out very well. Titeflex feels the Skills Center is providing a worthwhile service to the community."

ANN WENGSTROM — PERSONNEL
SUPERVISOR
TITEFLEX

assess and prepare community opportunities in local industry . . .

Phase One assessment enables client to experience interest related hands-on tasks

Vocational counseling synthesizes the results of Phase One for subsequent Skills Center referral

Determination of (CETA) eligibility includes meeting unemployment and financial criteria

Pre-Assessment interview identifies clients' vocational interests and career goals

Successful completion of training provides needed skills and positive attitude for beginning a career

people tested and assessed in classroom training *and* placed in jobs ...

Graphics

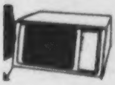
While developing competency and setting up and operating an offset press, including 2-color publicatio trainees also establish skills and related photographic, layout and basic artistic techniques. This is accomplished during a 16-week occupational training phase. The program provides appropriate preparation for employment in several areas of the graphics industry.

Machine Occupations

The Machine Occupations program provides a tri-level approach, emanating with a Level I program of some 18 weeks and progressing through our second level of 23 weeks, which includes, in addition to the Basic Machine Occupations component, instruction in the areas of bridgeport, jig bore and numerical control. The final phase is the Tool and Die program, which entails a 38-week training format and provides opportunity for the graduate to enter employment as a second-year apprentice.

Clerical

The Clerical program is operated at two levels, the first of which is a basic 18-week component designed to provide the participant the necessary skills to accept entry-level employment. For those who indicate additional potentials there are available a number of advanced skills, including stenography and bookkeeping and medical secretary.



Computer Technician

Sophisticated instruction in electronic computers and peripheral equipment, theory of operation and maintenance during 20-26 weeks that include computer terminology and introduction to programming, advanced integrated circuit theory and applications, mini-computer concepts and programming, and basic mini-computer theory and maintenance.

Electronics Assembly

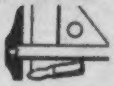
Trainees acquire proficiencies that include soldering, identification of components, wire wrapping, wire cutting and stripping, color coding and the construction of modules by following a model accurately during a 12-week framework.

Auto Mechanics

Eighteen weeks of training develops trainees' skills in basic functions of major automobile components and systems and in identification and use of proper tools for auto repair, engine tune-ups, trouble shooting and repair of brake systems, standard transmissions and automotive engines, among others, as preparation for entry-level employment.

Plant and Building Maintenance

Provides skills ranging from carpentry and masonry to plumbing and electrical wiring. Twenty-three week course includes blueprint interpretation, use of proper tools, OSHA standards, basic wiring, framing and layout techniques.



Drafting

The ability to make detailed drawings from sketches and layouts is the major objective of the 24-week program that includes developing sections and views of various figures, familiarity with machine parts and standard parts and symbols.

Food Services

Offers trainees 16 weeks of instruction in food preparation with primary emphasis on cooking and baking. Trainees acquire expertise in other related areas including understanding of recipes, food costs, quality and sanitation. Additional skills are acquired in planning, preparing and combining various menus and main dishes.

Sheet Metal

Acquiring needed skills in a 17-week program prepares trainees for entry-level employment in industry or construction. Trainees learn to set up and operate roll, brake, shears and grinders in conjunction with related math and blueprint interpretation.

Auto Body Repair

A 22-week program providing skills in proper use of related tools, auto body metal work, painting and welding procedures, automotive glass replacement and frame straightening and repair.

The Wash

[illegible] TUESDAY,

Skills Center: A Federal Job

By Warren Brown
Washington Post Staff Writer

SPRINGFIELD, Mass. — Frank Gulluni likes to show the letters.

He pulls out one from the rapidly growing Digital Equipment Corp., a computer firm, praising the technical competence and the attitude of his trainees, black and white alike. He offers another from Smith & Wesson, a maker of moderate-to high-priced firearms, thanking him for "referring qualified candidates for jobs." He points to one from Dow Jones & Co. Inc. that says the people the company hired from Gulluni's Hampden District Regional Skills Center "are some of the best qualified and certainly the most motivated employes we now have on our staff."

Gulluni, 37, a redheaded Italian with a slight paunch, bounds from his seat.

"We're doing a job here!" he says with evangelical zeal. "We have a commitment to training here. That's it. Training is the answer, not this public service employment b—t."

Gulluni blushes. He is not easily given to vulgarity, but sometimes, especially when he talks about the skills center, he gets a little excited.

What Gulluni and his staff have done is, indeed, phenomenal. They have taken a much-maligned, much-investigated, scandal-scarred federal jobs program and made it work through their skills center. Their placement rate of 80 to 85 percent is regarded by Labor Department officials as one of the highest in the nation.

The program is CETA, shorthand for the 1973 Comprehensive Employment and Training Act, originally designed to help the hard-core unemployed.

But Gulluni, administrator of the $30 million Hampden County CETA program in western Massachusetts, and his supporters believe the "feds" goofed when they put the program into operation.

The federal government put too much emphasis on immediate employment, especially employment in entry level and unskilled public service jobs that only lasted a year to 18 months, Gulluni said.

The public service jobs program, one large chunk of CETA, was susceptible, because of its emergency orientation, to abuses such as payroll fraud and the hiring of political friends. Gulluni conceded that he has similar problems in the public service section of his CETA operation.

But he said he isn't too concerned about the fraud, because it is minimal in comparison to CETA's overall $10 billion operation. He said his main worry is that many people who complete their public service employment terms have no marketable skills in the private sector, and eventually wind up on welfare or in another federal antipoverty program.

"The problem is that the government seems to have forgotten about the 'T' in CETA," Gulluni said.

The "T" is very important to the 78 people who make up the skills center staff. Every weekday at 8 a.m., they troop into two old industrial buildings on this city's Main Street to begin undoing the legacy of poverty, poor education and international turmoil.

Besides blacks, whites and Spanish-surnamed students, the center, which operates on a budget of $1.25 million—also includes a sprinkling of Vietnamese, Russian Jews, Koreans and at least one Lebanese.

> *'We're doing a job here! We have a commitment to training here. That's i[illegible] Training is the answer, not this public service employment . . .'*

The center's staff consists of former public school educators, like Gulluni, and of former industrial foremen and skilled crafts workers, former businessmen and secretaries. They will train about 1,200 people this year, about 1,000 of whom, based on past performance—will find permanent, unsubsidized, usually good-paying jobs.

"You can't get very much better than that," one department official said. "If we had that kind of a record in all of our programs we wouldn't have to worry so much."

After a 30-to-36-week session, the Hampden County Center staff will "produce" people like Mary Johnson, 31, black, a former welfare mother, who recently got a promotion in her job as a machinist at a Digital Equipment plant here.

Johnson finished her skill center training early last year and has been working at Digital ever since. She said she had tried to get jobs [illegible]re her center experience, "but [illegible] would hire me because there wasn't much I could do."

Now, working the night shift at Digital and making "pretty good pay," about $9,300 annually, she said she believes she has a future.

"My two kids respect me a lot more now," she said. "They keep telling me, 'Momma, you gettin' on up there, ain't you?' "

The center will also retrain former workers like Frank Hill, 56, white, who fell ill and has been living on Social Security disability payments for the past few years.

"Most folks don't want to train older people in industry," said the rotund, bespectacled Hill. "You can't blame them, because it does take time. But I got some extra training and brushed up on some machine skills here. I start work on Monday."

Hill was a former machine shop foreman. But he said he had "forgotten nearly everything" since he had been out of work, and had lost confidence, especially in face of the onslaught of new industrial technology. But the skills center helped him overcome all of that, he said.

Gulluni and David Cruise, the center's top supervisor, will tell you that their 80-85 percent placement rate is no miracle.

Springfield, the largest city in Hampden County, has a 8.7 percent unemployment rate, compared to a national unemployment rate of 6 percent. In the last five years, the [illegible]ty itself has attracted more th[illegible]00 million worth of new industrial and commercial ventures, creating about 10,000 new production jobs.

But businessmen and plant managers here say that most of the people who go to the center would have been out of the running for those jobs had it not been for Gulluni, Cruise and company.

ington Post

MAY 30, 1978

Training Program That Works

[Th]e biggest thing about the skills [cen]ter is that they deal with more than just skills," said Michael [illegible], a personnel manager for Milton Bradley Co., which produces electronic games.

"They take people who might have had some serious problems, for one reason or another, and they help them to develop good work attitudes. You take the center's extensive training setup, put it with attitude development, and you have an excellent employe," he said.

[illegible] said that about 125 of the 1,200 people employed by his company were taken from the center's electronic and clerical programs.

"We're extremely satisfied with most of these people,' he said. "Some of them, of course, didn't work out. But most of them are excellent . . . They have good safety habits. They punch the clock on time, dress decently, and are highly motivated workers," he said.

[illegible] said he doubts his company would have hired most of the center graduates had they been "walk-ins off the street."

The skills center's credibility is due largely to the way it is run.

The center's supervisors have a reputation for thoroughly researching their market to find out the long-term employe and skills needs of regional business and industrial firms.

They then design specific programs —accounting, electronics assembly, and computer technology are examples—to meet the needs of the regional market.

Trainees are "assessed" before they begin the program to determine interests and remedial needs, such as mathematics, reading and English skills, to help fulfill these interests. If remedial instruction is required, it is given in tandem with the occupational training. The reason: "You will learn to read and write more quickly if you have an objective," says [illegible].

Attitudinal development takes place in "world of work classes" where trainees are taught the importance of [illegible], job demeanor, employer-employe relationships and, in an ethnically mixed area like Hampden County, how to 'get along' in an interracial shop or office.

The trainees are pushed toward "primary jobs," those with health-welfare benefit packages, vacation provisions, and some degree of upward mobility.

"To do otherwise would be a waste of the trainee's time and the government's money," said [illegible]. "It would also be a waste of humanity . . . . That's why we don't keep certain programs like refrigerator repair, for which there is no market and no need. Unfortunately, a lot of CETA centers don't see this."

[illegible] believes the success of his training program can be duplicated. And there are those in the federal government who believe he's right.

President Carter and other administration officials last week outlined a program designed to link private business more closely to the training and hiring of the hard-core unemployed.

The administration's CETA proposal, now before Congress, targets $400 million of the $11.4 billion in federal jobs money to the creation of "private industry councils". The "PIC's," as they are called by those in the manpower business, are supposed to foster greater cooperation among private industry, organized labor and vocational education directors in the training and placement of the hard-to-employ.

> *'They take people who might have had some serious problems, for one reason or another, and they help them to develop good work attitudes.'*

[illegible] and his staff constantly monitor the progress of their trainees and the job market. Frequently, they invite businessmen in to look at their program, to evaluate the training curriculum, to talk to the trainees and to make suggestions for improvement. As a result, a number of the trainees are chosen by companies weeks before their training has ended.

"They do a better job of placing their people because they're much more aggressive, much more employer-relations conscious," said Mark Connors, vice president of the Valley Bank & Trust Co., one of the county's major financial institutions.

Connors said the "primary source" of his firm's employes is newspaper advertising. But he said the bank has been "actively using" the skills center since 1976 and has found that the center graduates—most of them employed in clerical positions—work as well or better, and stay on the job longer, than other workers.

At a Digital plant in West Springfield, personnel manager Walter Brown is singing similar praises. But he said he is not baffled by the center's success.

"It's easy to understand," he said. "The skills center is efficient at training people for jobs because it has to be. Their funding depends on it."

This story also appeared in these papers

The Boston Globe

Sunday Times Advertiser

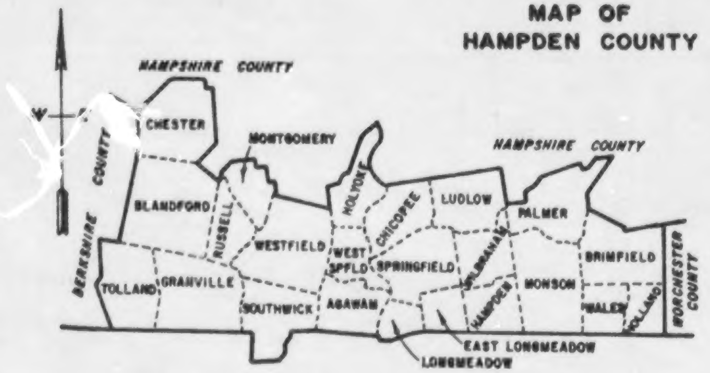
TRENTON, N. J.

The Evening Gazette

Monday, June 5, 1978, Worcester, Mass.

Congratulations!

HAMPDEN COUNTY CONSORTIUM CITIES and TOWNS



Agawam
Edward Caba, Acting Town Manager

Blandford
John E. Lathrop, Jr., Chairman, B. of S.

Brimfield
Louis Flowers, Chairman, B. of S.

Chester
Marie L. Morrissey, Chairman, B. of S.

Chicopee
Robert F. Kumor, Jr., Mayor

East Longmeadow
Martin D. Turpie, Chairman, B. of S.

Granville
Richard Kirsche, Chairman, B. of S.

Hampden
Jeannette S. Green, Chairman, B. of S.

Holland
Earl A. Johnson, Chairman, B. of S.

Holyoke
Ernest E. Proulx, Mayor

Longmeadow
Robert Thomas, Chairman, B. of S.

Ludlow
Nicholas S. Ruggiero, Chairman, B. of S.

Monson
Victor E. Rosenlund, Chairman, B. of S.

Montgomery
Wesley Monat, Chairman, B. of S.

Palmer
William J. Lemanski, Chairman, B. of S.

Russell
David G. York, Chairman, B. of S.

Southwick
John Zanolli, Chairman, B. of S.

Springfield
Theodore E. Dimauro, Mayor

Tolland
Eric R. Munson, Chairman, B. of S.

Wales
John A. Cronin, Chairman, B. of S.

Westfield
Edward McDermott, Mayor

West Springfield
Frederick S. Conlin, Chairman, B. of S.

Wilbraham
Frank J. Horacek, Chairman, B. of S.

Hampden County Commission
Stephen Moynihan, Chairman

Hampden County Selectmen's Assoc.
Joseph Zaher, Secretary Treasurer

[The information submitted by Charles Rae follows:]

EXHIBIT 2

THE GREATER SPRINGFIELD CHAMBER OF COMMERCE
Springfield, Mass.

FACT SHEET—A PARTNERSHIP FOR PROGRESS

THE PRIVATE SECTOR INITIATIVE OF THE PRIVATE INDUSTRY COUNCIL OF HAMPDEN COUNTY, INC.

Overview

The Private Sector Initiative Program (PSIP), created by Title VII of the Comprehensive Employment and Training Act, has been initiated to maximize business community participation in the development and implementation of responsive manpower programs within Hampden County. The two major priorities of this program are (1) to secure more private sector jobs for the economically disadvantaged and (2) to initiate expanded manpower training resources to reduce the critical gaps in manpower demand and supply.

Private industry council

The Private Industry Council (PIC), composed of area leaders representing business, education, labor, government and community organizations, is the administrative unit for this program. The Greater Springfield Chamber of Commerce, at the request of the local CETA administration, provides the administrative staffing for the council.

Manpower services

Annual labor market surveys—accurate and current data to identify critical manpower needs.

Targeted jobs tax credit (TJTC) service—how to obtain a $4500 federal income tax credit.

Skills center training—funding to increase training resources in critical demand occupations.

Manpower programs

Machining task force—industry leaders working to update the quality and quantity of machine trades programs.

Computer task force—industry experts advising and updating computer related training at community high schools, colleges and the Hampden District Regional Skills Center.

Hispanic employment program (HEP)—a unique private/public job placement service for a qualified, job ready clientele.

Job service improvement program—industry streamlining Division of Employment Security placement procedures to better match industry's manpower needs.

FACTS ABOUT THE HISPANIC EMPLOYMENT PROGRAM

OVERVIEW

The Hispanic Employment Program, under the direction of the Private Industry Council of Hampden County, Inc., is truly unique. It is funded through private charitable sources and the City of Springfield with support from the Hampden County Manpower Consortium and the Division of Employment Security.

The program's main goal is to alleviate the high unemployment rate within the Hispanic community by providing employers with qualified Hispanic community applicants for employment. It seeks to provide a much needed matching service between employers willing to hire and unemployed members of the Hispanic community. The program's goal can be realized only through strong support of area employers.

BENEFITS TO EMPLOYERS

1. *Train in your own way.*—Many companies prefer to train an individual in their own way and in their own shop, thus providing relevant on-the-job training that begins producing immediately.
2. *Screened applicants.*—You will interview only carefully screened applicants. A professionally trained staff will carefully assist your needs and match the appropriate applicant.
3. *Reduce advertising and recruiting costs.*—The search for qualified candidates can be expensive not only in advertising costs but in interviewing time.

4. *Affirmative action.*—Meet your minority hiring goals. This is an excellent source of qualified applicants who want to work.

5. *Targeted job tax credit.*—Become eligible (in most cases) for the new federal tax credit. This credit provides an employer with up to $6,000 credit for hiring eligible employees (see Fact Sheet).

6. *Reduce public subsidies.*—Meaningful employment is the major ingredient to solving our community social problems. Participation in the HEP program can directly affect the quality of life within our community.

EXHIBIT 3

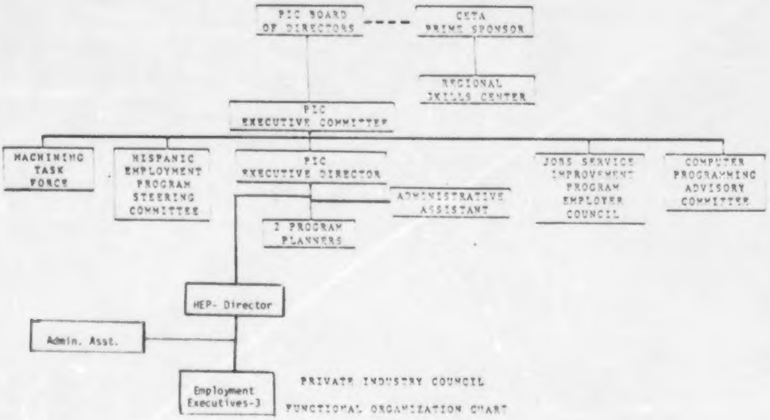


EXHIBIT 4

TITEFLEX CORP.
Springfield, Mass., March 21, 1980.

Hon. AUGUSTUS F. HAWKINS,
Chairman, House Subcommittee on Employment Opportunities,
Rayburn House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE HAWKINS: Titeflex Corporation, A Bundy Company, is faced with a major barrier to its planned expansion in the Greater Springfield area. That barrier to expansion exists due to a serious lack of skilled labor. Our production capacity constraints have been diminished somewhat by capital investment machinery. However, these machines sit idle for one or two shifts due to a lack of skilled machinists to operate them.

Titeflex Corporation is a very active participant in the Private Industry Council and recognizes its corporate responsibility to address the serious need for the expanded training and skills upgrading of our existing workforce. Such a program at the Hampden District Regional Skills Center will reduce our training time and costs by approximately 30%.

We are ready and willing to commit dollars and machinery to such a program.

Sincerely,

ROBERT F. SULLIVAN,
Manager, Industrial Relations.

WINONA VAN NORMAN MACHINE CO.,
Springfield, Mass., March 21, 1980.

Hon. AUGUSTUS F. HAWKINS,
Chairman, House Subcommittee on Employment Opportunities,
Rayburn House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE HAWKINS: In my role, both as an employer and a Director of the Private Industry Council of Hampden County, Inc., I fully recognize the necessity for public and private cooperation in the development of effective manpower programs. A serious shortage of skilled machinists in the Greater

Springfield area is restricting the growth of industry, directly influencing company decisions on current and future expansion plans.

Winona Van Norman, as well as many other companies in the area, is currently entering a very crucial stage in its planning and development.

I strongly urge your support for the development of skills training and skills upgrading programs to meet current and future manpower needs. Winona Van Norman has demonstrated its commitment to this goal, and will continue to do so. However, government and business must work cooperatively if we are to succeed.

Sincerely,

WILLIAM F. WALTHOUSE,
Vice President and General Manager.

KIDDER-STACY CO.,
Agawan, Mass., March 21, 1980.

Hon. AUGUSTUS F. HAWKINS,
Chairman, House Subcommittee on Employment Opportunities,
Rayburn House Office Building, Washington, D.C.

DEAR REPRESENTATIVE HAWKINS: As the Chairman of the Machining Task Force, a subcommittee of the Private Industry Council of Hampden County, Inc., I am actively involved in pursuing a viable solution to the acute manpower shortage that currently exists in the machining trades. A recent survey indicates that approximately 3,000 area openings will go unfilled during the next year due to the lack of a skilled labor force. This gap between the supply and demand of skilled labor is increasing and must be checked immediately.

Skills upgrading is a subject that has been seriously considered by the machining industry and one that offers unique opportunities to both employers and employees. Through a formal training program aimed at upgrading the skills of entry level employees, a company will be able to upgrade its workforce while substantially reducing its training time and costs. Moreover, with this upward mobility, additional entry level positions will be created for minority and nonskilled trainees, who will, in turn, benefit from this process.

Speaking for the Kidder-Stacy Company and for the Machining Task Force, I can promise our commitment to solving a common problem.

Sincerely,

ARTHUR G. CHEVALIER, Jr.,
Vice President and General Manager,
Chairman, Machining Task Force.

AMERICAN BOSCH DIESEL PRODUCTS,
Sprinfield, Mass., March 21, 1980.

Hon. AUGUSTUS F. HAWKINS,
Chairman, House Subcommittee on Employment Opportunities,
Rayburn House Office Building, Washington, D.C.

DEAR REPRESENTATIVE HAWKINS: The American Bosch Diesel Products Division of AMBAC Industries, a subsidiary of United Technologies, has projected significant manpower demands over the next five years. Due to the high number of retirees and expanding production, our Division has experienced great difficulty in hiring skilled machinists and tool and die makers.

This manpower shortage severely hampers our Company's ability to expand. It is currently a problem, the magnitude of which drastically affects our current production capabilities. It is for this reason that we fully support the Private Industry Council in its efforts to increase the training capacities of area facilities, thus balancing supply and demand.

The immediate need for expanded skills training and the upgrading of existing manpower skills cannot be underestimated.

We strongly urge your assistance in the securing of funding necessary for companies such as ours to meet its manpower needs. The private and public sector must pool its resources to insure that the future of industry remains secure.

Very truly yours,

GEORGE J. MCBRIAN,
Vice President and General Manager.

Exhibit 5

PROPOSAL

STATE FUNDING FOR MANPOWER TRAINING PROGRAMS IN DEMAND OCCUPATIONS

Submitted By

Private Industry Council
of Hampden County, Inc.

July 20, 1979

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Exhibit 5

OVERVIEW

STATE FUNDING FOR MANPOWER TRAINING PROGRAMS IN DEMAND OCCUPATIONS

THE PROBLEM

Critical manpower shortages have been identified within Hampden County that are seriously effecting economic and industrial growth. During the next twelve months, an excess of twelve hundred (1200) openings will go unfilled in the machining, tool and die, and electronic related fields. The gap between supply of skilled labor and demand is ever increasing, it *must* be checked immediately.

A SOLUTION

The Private Industry Council proposes the development of a comprehensive manpower training program to meet the industrial demands through 1980. Key elements of this proposal are:

- Increasing the training capacity of the ongoing Hampden District Regional Skills Center. (Federal Title VII Funds and State Funds)
- Extending Skills Center eligibility to non-CETA participants, this will access an untapped labor supply and provide a mechanism for employee skill upgrading. (State Funding)
- Expanding long-term training services supported by private industry.

THE COST

The subsidy necessary from the State to increase training capacity in Hampden County to meet the projected demands is $2,710,327. This funding would be utilized to increase the total Skills Center's annual enrollment in the machine trades, tool and die, electronic bench assembly, and test technician programs from 368 to 1,674 students at a cost per student of $1,895 ($786 per student without stipend).

EXHIBIT 5

PRIVATE INDUSTRY COUNCIL OF HAMPDEN COUNTY, INC.

PROPOSAL

STATE FUNDING FOR MANPOWER TRAINING PROGRAMS IN DEMAND OCCUPATIONS

This proposal offers a method to decrease a manpower shortage in specific occupations in Hampden County. It is based on two key elements that are essential to solving existing manpower problems:

1. Strong private sector input and
2. The availability of state funding.

This model takes advantage of existing federally funded training programs within the county, such as the Hampden District Regional Skills Center, and offers both short and long range solutions. The text is divided into three sections and a summary.

Section I summarizes specific manpower demands in Hampden County, information that serves as the foundation for this proposal.

Section II outlines a method to meet these manpower demands by utilizing state funding to complement federal and private funding.

Section III describes the significant and active role of the private sector.

I. MANPOWER DEMAND

Various manpower projections within Hampden County have been developed using historical data to identify areas of imbalance in manpower supply and demand. However, hard data on actual demand and supply has not been available to fully substantiate the severity of existing manpower shortages.

The Private Industry Council of Hampden County, Inc., initiated a survey of industries employing people in the critical skill areas, i.e., tool and die, machinists, welders, electronic bench assembly, and electrical technicians. Results from the survey were obtained by conducting personal interviews with top-level management of twenty-three area employers, both large and small. (Please refer to the attached survey results.)

Survey results indicate that manpower needs for the period of June 15, 1979 through June 15, 1980 are:

Machinists	807
Tool & Die	100
Electronic Bench Assembly	910
Technicians	241
Welders	68

An additional survey was conducted for the purpose of identifying the projected number of students that would be graduating from vocational/technical schools in Hampden County to meet this manpower demand.

EXHIBIT 5

The following are survey results indicative of the existing manpower supply and demand imbalance in Hampden County:

June 1979 through June 1980

	Manpower Demand	Existing Skill Center Training (CETA)	Vocational/Technical Training Schools	Gap Between Demand and Supply
Machinists	807	150	150	- 507
Tool & Die	100	30	50	- 20
Electronic Benth Assembly	910	108	50	- 752
Technician	241	90	66	- 85
Welders	68	40	45	+ 17

The figures indicate a severe manpower shortage in certain high demand skilled areas, a serious problem that will impede economic and industrial growth if immediate action is not taken. The figures are more alarming considering that 90% of the small to medium size companies in Hampden County were not surveyed.

II. A PROGRAM FOR INCREASING MANPOWER SUPPLY

As a method of meeting the industrial manpower demands through 1980, the Private Industry Council proposes the development of a three-phase manpower training program. This program would be undertaken by the Private Industry Council. It would utilize the Hampden District Regional Skills Center as the base for balancing the supply with the demand for skilled labor. The Council would utilize its resources and provide both technical and financial assistance in planning, implementing and monitoring the programs that are initiated. Direct employer input at every stage of program development is insured.

Phase I of the program is the strengthening of ongoing Hampden District Regional Skills Center Machine Trades (Level I, II) and Tool and Die programs with $710,000 in Federal Title VII Funds available to the Private Industry Council. The Council has already committed these funds for this purpose.

A Machining Task Force is currently analyzing the Machine Trades and Tool and Die programs at the Skills Center to determine their capability to produce a qualified graduate. This task force will begin to closely monitor both programs. The task force will also evaluate and assist county high school systems now providing training in the high-demand occupational skills.

Similar task forces would be formed to work with the Electronic Bench Assembly, Test Technician, and Welding programs. All training programs which are subsidized by federal funds would service CETA eligible participants exclusively.

Phase II of the program would involve the use of state funding and would be targeted primarily at the training of non-CETA participants, i.e., recent high school graduates, the underemployed, the unskilled, etc.[1] The Skills Center would be the major training facility utilized with consideration given to other training facilities. State funding would be used by the Private Industry Council to train the necessary number of participants to begin filling the acute gap

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[1] Hampden County employers will have priority in hiring these students.

Exhibit 5

between manpower demand and supply in the critical occupational skills.

Planning, implementing and monitoring of programs developed with state funding would be at the direction of the Private Industry Council.

The following is a summary of the proposed expansion goals and the funding required to achieve these goals. Attached is a detailed amplification of direct costs anticipated in achieving the expansion goals.

1. Machine Trades (Level I & II) Program (Refer to Exhibit A)

   Goal: To increase total yearly enrollment from 130 to 600 students

   Funding Required: $1,064,580

2. Tool & Die Program (Refer to Exhibit B)

   Goal: To increase total yearly enrollment from 20 to 50 students

   Funding Required: $254,100

3. Electronic Bench Assembly (Level I & II) Program (Refer to Exhibit C)

   Goal: To increase total yearly enrollment from 108 to 844 students

   Funding Required: $700,985

4. Test Technician Program (Refer to Exhibit D)

   Goal: To increase total yearly enrollment from 90 to 180 students

   Funding Required: $163,480

5. Fixed Cost[1] (all programs) $336,366

6. Direct Cost[2] $190,816

7. Total Goal: To increase total yearly enrollment from 368 to 1,674 students

   Total Funding Required to meet this established goal: $2,710,327

   [3]Total Program Expansion Cost per student: $1,895

   [3]Total Program Expansion Cost per student Without Stipend: $786

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[1] Administrative, rent, utilities, telephone, plant and grounds maintenance, custodial, office supplies, health services, equipment maintenance.

[2] Salaries to provide student services including intake, assessment, testing, counseling, job development.

[3] Figure based on equipment costs with 10% salvage value and 10 year amortization.

Exhibit 5

Phase III is a long-term initiative involving the purchase of training services by industry. However, it is important to note that several basic elements must be present for this phase to be successful. These elements are:

1. Prior to purchase of services, the training facility must demonstrate ability to provide the quantity and quality of trainees required by industry.
2. The available pool of eligible applicants must be expanded to include non-CETA participants.
3. Participating companies must have a direct and continual influence on the programs servicing their industry.
4. Programs utilizing the "purchasing of training services" concept must be cost-efficient to insure attractiveness to all companies participating.

The two preceding phases of this program directly provide the elements necessary for development of Phase III. Specialized task forces provide the vehicle for direct industry input into the programs. State funding will allow expansion of the applicant pool available for training. Expansions provided by state funding provide quality trainees in quantities necessary to develop a credible source of labor.

Once Phase III is fully operational, the Private Industry Council will develop in conjunction with the Skills Center and the Private Sector, a method of assessing area employees for training services rendered. Revenue produced will be applied to the program for continued, self perpetuated services. Detailed in the following section is the role of the private sector in this plan.

III. PRIVATE SECTOR ROLE

The commitment and active involvement of the private sector is a critical facet of this plan. As described in the preceding sections, the private sector will

1. Analyze and evaluate current training program.
2. Provide direct technical input into the expansion plans developed for the Skills Center.
3. Monitor programs to insure relevance to their industry needs.
4. Work closely through the Private Industry Council, with the Skills Center to develop an appropriate method of sharing the cost of training between federal, state and private sources.

Several options will be considered in the development of Phase III. These options are:

1. Flat rate charge to employers per trainee.
2. Direct contributions by industry to support training.
3. Pre-hiring of trainees by employers. Contract for full or part-time training services with Private Industry Council.
4. Service contract between the Private Industry Council and employer to provide training in specific areas.

Major Hampden County employers are willing to share in training cost, and through the Private Industry Council, will fully develop Phase III of this proposal.

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EXHIBIT 5

IV. SUMMARY

The Private Industry Council of Hampden County, Inc., feels that this multiphased program is a viable method of closing the gap between manpower supply and demand. The investment of state funds will provide Hampden County employers with needed assistance in acquiring manpower. In addition to assisting business, the community will benefit from the increased opportunities for those in need of marketable skills.

The expansion of current training programs to include the upgrading of basic job skills of current employees is a long range objective of this program. The training of unskilled and lower skilled production employees during non-working hours, will result in increased production, a more highly skilled labor force, and the expansion of entry level opportunities.

The Private Industry Council is prepared to work with federal and state government to aggressively solve the manpower shortages in Hampden County.

This project can demonstrate the commitment and willingness of government and business to combine resources to solve a serious problem.

EXHIBIT 5

PROJECTED SKILLS CENTER EXPANSION COSTS

AMPLIFICATION

Individual Program Costs (Exhibit A, B, C, D)

The following cost estimates are those direct costs necessary to expand specific training programs at the Hampden District Regional Skills Center. These direct costs fall into three categories:

1. Equipment Costs
2. Training Costs
3. Student Stipend Costs

Exhibit A

MACHINE TRADES (LEVEL I & II) PROGRAM

The following direct cost estimates are based on expanding the yearly student enrollment from 150 to 600 students.

1. Equipment Costs (Used)

8 Bridgeports	@ $5,280	$ 42,240	
5 Engine Lathes	@ $8,800	44,000	
1 ID Grinder	@ $8,250	8,250	
1 Surface Grinder	@ $3,850	3,850	
Raw Materials (Steel)		16,500	
Tools		5,500	
	TOTAL		$ 120,340

2. Training Costs

15 Instructors ($8 per hour, 35 hours per week, $14,560 per year)	$218,400	
15% Fringe Benefits	32,760	
TOTAL		$ 251,160

3. Student Stipends — $ 693,080

(Based on 28 hours per week @ $3.10 per hour, 18 week cycle)

TOTAL COST — $1,064,580

*NOTE: Cost per Student = $2,122
Cost per Student without Stipend = 582

Exhibit B

TOOL & DIE PROGRAM

The following cost estimates are based on increasing the yearly student enrollment from 20 to 50 students.

1. Equipment Costs (Used)

6 Bridgeports	@ $5,280	$31,680

(continued)

EXHIBIT 5

1	Number 2 Brown & Sharp	@ $8,250	$ 8,250	
3	14" Engine Lathes	@ $9,900	29,700	
2	16" Engine Lathes	@ $9,900	19,800	
1	Surface Grinder	@ $3,850	3,850	
1	10 Ton Press		15,000	
1	Heat Treating Unit		5,000	
	Raw Materials (Steel)		6,000	
	Tooling & Supplies		3,500	
		TOTAL		$ 122,780

2. Training Costs

1 Instructor (Toolmaker) ($8 per hours, 35 hours per week, $14,560 per year)	$ 14,560	
15% Fringe Benefits	2,184	
TOTAL		$ 16,744

3. Student Stipends (Based on 28 hours per week @ $3.10 per hour, 44 week cycle) — $ 114,576

TOTAL COST $ 254,100

Exhibit C

ELECTRONIC BENCH ASSEMBLY (LEVEL I & II) PROGRAM

A. LEVEL I PROGRAM

The following cost estimates are based on adding a basic training course with yearly student enrollment of 480 students.

1. Equipment Costs — Soldering Stations, Soldering Guns, Transistors, Meters, Wire Resistors, Miscellaneous Supplies — $ 36,000

2. Training Costs

4 Instructors ($8 per hour, 35 hours per week, $14,560 per year)	$58,240	
15% Fringe Benefits	8,736	
TOTAL		$ 66,976

3. Student Stipends (Based on 28 hours per week, @ $3.10 per hour, 6 week cycle) — $ 249,984

TOTAL COST $ 352,960

*NOTE: Cost per Student = $717
Cost per Student without Stipend = $196

EXHIBIT 5

B. LEVEL II PROGRAM

The following cost estimates are based on expanding the advanced training course from the yearly student enrollment of 108 to 364 students.

1. Equipment Costs Soldering Stations, Soldering Guns, Transistors, Meters, Wire Resistors, Miscellaneous Supplies		$ 14,400
2. Training Costs		
4 Instructors ($8 per hour, 35 hours per week, $14,560 per	$58,240	
1% Fringe Benefits	8,736	
TOTAL		$ 66,976
3. Student Stipends (Based on 28 hours per week, @ $3.10 per hour, 12 week cycle)		$ 266,649
TOTAL COST		$ 348,025

*NOTE: Cost per Student = $1,346
Cost per Student without Stipend = $304

The total direct cost estimate for the Electronic Bench Assembly Program (Level I & II) is $700,985.

The estimated combined average cost per student is $935, without Stipend $233

Exhibit D

TEST TECHNICIAN PROGRAM

The following cost estimates are based on expanding the yearly student enrollment from 90 to 180 students.

1. Equipment Costs Soldering Stations, Oscilliscopes, Meters, Miscellaneous Supplies		$ 5,000
2. Training Costs		
2 Instructors ($8 per hour, 35 hours per week, $14,560 per year)	$ 29,120	
15% Fringe Benefits	4,368	
TOTAL		$ 33,488
3. Student Stipends (Based on 28 hours per week @ $3.10 per hour, 16 week cycle)		$ 124,992
TOTAL COST		$ 163,480

*NOTE: Cost per Student = $1,803
Cost per Student without Stipend = $414

Exhibit 5

PRIVATE INDUSTRY COUNCIL

MANPOWER ASSESSMENT FOR DEMAND SKILL AREAS

JUNE 15, 1979

Eleven major Hampden County employers were personally interviewed to assess their future manpower demands. The interviews were conducted with top management of each company to determine both new job openings and replacement manpower requirements. The data collected represents manpower needs for a twelve month period, June 15, 1979-June 15, 1980. Manufacturers interviewed were limited to machining and electronic related fields as heavy manpower demands have been indicated in those areas. Composite results of the major manufacturing manpower needs are listed in Table 1, they include machining, tool & die, welding, electronic assembly, and test technician skill areas.

In addition to the composites developed from the major manufacturers, thirteen small to medium manufacturers (machining & electronic field) were randomly surveyed. This sample represents approximately 10% of the small to medium manufacturers in the machining and electronic fields within Hampden County. Results of this survey indicate substantial manpower needs in the demand skill areas for these companies. Table II represents a composite of the thirteen small to medium manufacturing companies surveyed.

It should be noted, that in addition to the Hampden County manufacturers in need of skills in the demand fields, Hamilton Standard, a Connecticut based company, has manpower needs that have put additional pressure on an already serious manpower situation. Table III summarizes the needs anticipated by Hamilton Standard during the next twelve month period. Table IV is a total of all companies surveyed, including Hamilton Standard. It is obvious, by comparing the number of students currently being trained in Hampden County, to the number of positions demanded, that a large imbalance exists. Demands far exceed the supply. If this unusual demand is allowed to continue unchecked, it could seriously hinder local company growth plans. In addition to the tables summarizing manpower demands, a list of companies participating in the survey is attached.

Exhibit 5

TABLE I

MAJOR HAMPDEN COUNTY MANUFACTURERS' MANPOWER DEMANDS

6-15-79 - 6-15-80

OCCUPATION	NEW	REPLACEMENT	TOTAL
Machinist	168	323	491
Tool & Die	-	-	-
Electronic Assembly	750	-	750
Test Technician	210	-	210
Welders	46	-	46

TABLE II

RANDOM SURVEY RESULTS OF SMALL-MEDIUM MANUFACTURERS MANPOWER DEMANDS

6-15-79 - 6-15-80

OCCUPATION	NEW	REPLACEMENT	TOTAL
Machinist	19	17	36
Tool & Die	75	-	75
Electronic Assembly	50	60	110
Test Technician	4	2	6
Welders	2	-	2

Exhibit 5

TABLE III

HAMILTON STANDARD MANPOWER DEMANDS

6-15-79 -6-15-80

OCCUPATION	NEW	REPLACEMENT	TOTAL
Machinist	80	200	280
Tool & Die	25		25
Electronic Assembly	50	-	50
Test Technician	25	-	25
Welders	10	10	20

1. Data obtained by personal interview with 11 major manufacturers.
2. Represents approximately 10% of manufacturers in the machining and electronic related fields.
3. Hamilton Standard - Division of United Technologies-Windsor Locks, CT.

TABLE IV

TOTAL COMPOSITE OF DEMANDS OF ALL COMPANIES SURVEYED INCLUDING HAMILTON STANDARD

FOR PERIOD FROM 6-15-79 - 6-15-80

OCCUPATION	NEW	REPLACEMENT	TOTAL
Machinist	267	540	807
Tool & Die	100	-	100
Electronic Assembly	850	60	910
Test Technician	239	2	241
Welders	58	10	68

EXHIBIT 6

Industries plead with schools to train machinists

By GARY STIX

A scarcity of skilled machinists in Hampden County has driven area industries to pressure school districts to establish crash training programs for machinists.

The Machining Task Force of the Private Industry Council met Thursday with school administrators and school committeemen to propose an intensive public-relations campaign to encourage high school and junior high school students to consider becoming mar via.

A. G. Chevalier, Jr., vice Kidder Stacy Co., Agaw machinists in will

PIC has proposed that school administrators, guidance counselors and vocational instructors visit area plants to become acquainted with the career possibilities for new machinists.

The day-long, PIC-sponsored seminars would be a prelude to setting up vocational awareness programs in school vocational clas

Enticemen pupils to become ls in ex

machine shop."

Rockmire suggested a vocational guidance program be initiated at the earliest possible age.

"In the long term, we want to have more little children respecting our profession," he said.

Chevalier said current vocational programs often operate with outmoded equipment up to 20 years old.

Several School Committeemen, however, were skeptical of their school systems' abilities to purchase new teaching equipment because of the 4 percent tax cap.

valier said that federal monies can often be ob- ational programs.

partment recently applied for a partially designed to

Demand cited for machinists

Continued from Page 17

job, and to help schools develop vocational curricula that are realistic.

Chevalier noted that task force members had visited Putnam Vocational-Technical High School in Springfield "which has a fairly good reputation ... but we saw things there in the program that we'd like to see changed."

"Education needs us to help with curriculum to meet needs as they really are, not as educators think they are," he said.

Some education officials pointed out that funds to update equipment in vocational schools are practically non-existent. Chevalier said business leaders could help schools get federal funds.

Chevalier, vice president and general manager of Kidder Stacy Company in Agawam, observed that attending college is not the only way for a young person to get a "f education" that will lau her on a successful care ists, he said, are averag $10 an hour with frin $400 to $600 a week.

The Private In headed by Herb ident of Shaw Trust Co. T Chamber of council's Machin top off

Demand for machinists outlined to educators

By PHYLLIS ANDREONI
Union Staff

Greater Springfield may lose many of its industries if communities fail to respond to a critical manpower shortage in the machine trades, educators were told Thursday.

Arthur G. Chevalier Jr., head of the Private Industry Council's Machining Task Force, spoke at a special session in Springfield's Valley Bank Tower.

Chevalier said there will be a local demand for 3,000 employees in the machine trades in 1980, with a supply of only about 500. The average age of machinists in Greater Springfield is now about 50-plus, he said, and in five to 10 years, industry will lose 60 to 80 percent of its skilled work force.

For this to happen, he and other task force members said youngsters must begin to understand, at an early age, that vocational education is respectable, skilled industrial jobs pay well and career incentives are many in the machine trades.

Task force members said the threat of industries moving out of the area is "a very real thing ... as we try to grow, we find we have a hell of a time finding people to fill jobs ... we want to get more little children respecting our profession."

Robert J. Schwarz, Greater Springfield Chamber of Commerce executive vice president, said the chamber no longer worries about attracting new industry but about keeping industries already here from leaving — and helping them to expand. The

Need for machinists

10 Daily News, Fri., Dec. 14, 1979

Industry Panel Expects Shortage

By MARWAN JABRI

A shortage of 2,720 machine operators and tool and die workers is expected in Greater Hampden County in 1980, according to the Private Industry Council of Hampden County.

Arthur G. Chevalier Jr., the council's machining task force chairman, told more than 100 junior and senior high schools principals at Baystate West Thursday that local demands for trained machine operators and tool and die apprentices will top 3,200 in 1980, but only 480 are expected to be supplied by local facilities.

Chevalier said some 1,800 new machine operators will be needed locally, and another 1,200 will be needed to replace retiring operators.

However, only 440 operators are expected to be available, leaving a deficit of 2,560 operators to be made up from non-local sources, he said.

In tool and die, 200 new jobs are expected, but only 40 workers are expected to be available locally, he said.

"Shortages of this type will hamper industrial expansion in the region and force companies to look elsewhere for answers to their labor needs, even if that means relocating or expanding somewhere else in the United States," Chevalier said.

The Private Industry Council was established in June in response to federal legislation establishing the Private Sector Initiative Program. The council tries to match the supply of skilled workers to industry demand.

PIC, which has a membership of about 30, represents private business with public participation. It assists the Hampden County Skills Center of the Greater Springfield Manpower Consortium in placing machinists who complete their training at the center.

The Skill Center has an enrollment of some 250 trainees in machine trades, clerical and service trades and electronics.

Cangro told the educators that they have a crucial role to play in telling students that machine shop jobs are financially rewarding.

According to Cangro, machine operators may earn as much as $25,000 per year.

EXPL
leads
Machi
educa

EXHIBIT 7

Chamber of Commerce
of the Greater Portland Region

March 3, 1980

Ray Marshall
Secretary of Labor
U. S. Department of Labor
Employment & Training Administration
Washington, D. C. 20213

Dear Secretary Marshall:

Attached for your information is a letter which I recently sent to the Regional Administrator in Boston regarding his request that I, as PIC chairperson, sign off on Cumberland County CETA's revised Title VII plan as a result of funding reductions for FY 80. In the letter I expressed my concern that the revision is due to funding reductions which took place after allocations were initially made and plans written, submitted, and approved.

I would like at this time to also express my concern with funding allocations for Title VII being made on percentage allocations with no recognition of performance. It is my understanding that the inequity of this system will be perpetuated further in FY 81, when overall Title VII funding allocations are being reduced because many of the prime sponsors have not been able to spend Title VII FY 80 funds. The Department of Labor will carry those funds into FY 81. Again, not only does this procedure not recognize those private sector programs which have had successful performance, but in effect penalizes them in the following year.

For your information, I am enclosing background material on our activities here in Cumberland County with regard to CETA and Title VII. We have come a long way in turning around the image of CETA in our community with very innovative and successful employment programs. I think it is imperative that if the private sector program in our community is to continue its momentum, that the programs be made to function in a manner similar to private industry where performance is recognized!

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MAR 11 1980

142 Free Street, Portland, Maine 04101 Telephone (207) 772-2811

Exhibit 7

For example, if there were a need for a 10% reduction in Fairchild's overall budget, the reductions would then be made appropriately in each division based on performance, ie., some units which are profitable and have a high efficiency evaluation would be reduced less or perhaps not be reduced at all, whereas those that are inefficient and unprofitable would be reduced perhaps as much as 30%.

I have contacted our congressional delegation personally to indicate my displeasure with the allocation system and I am copying my fellow PIC chairpersons in Region I in hopes that we might collectively take a stand to further emphasize the need for performance to be recognized in the allocation process for Title VII.

In addition to the materials on our area, I am also enclosing a copy of a speech given at a Utah Private Industry Council seminar. In reading the speech, I feel very strongly about many of the points that were made, and pass it along to further amplify my feelings.

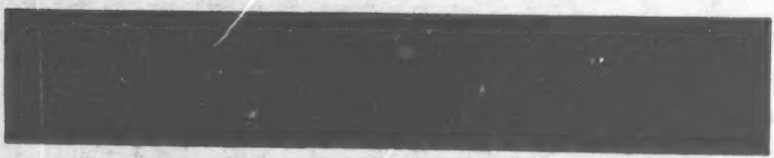
Sincerely,

Mike Morrissette

MIKE MORRISSETTE, CHAIRMAN
PRIVATE INDUSTRY COUNCIL

MM:cm
Enc.

cc: Maine Congressional Delegation
Region I PIC Chairpersons
National Alliance of Business
National Alliance of Counties
Cumberland County Private Industry Council



PRAISES NEW PROGRAM

Cumberland County CETA has developed the type of working relationship with business and industry that sets an example for other areas in showing how effectively the Private Sector Initiative Program can work, according to U. S. Secretary of Labor Ray Marshall.

CUMBERLAND COUNTY HAS DEVELOPED A GOOD WORKING RELATIONSHIP WITH PRIVATE EMPLOYERS - AS EXEMPLIFIED BY THE TRAINING OF EMPLOYEES FOR THE H. L. HANSON CO.

Marshall made a trip to Portland, Maine to sign one of the first Private Sector Initiative Program contracts in New England providing funding for 1979-80. The Prime Sponsor was represented by Ms. Peggy Lee Regan, chairperson of the Cumberland County Commission.

Continued on Pg. 2

VISITS MAINE TRAINING SITE - U. S. Secretary of Labor Ray Marshall (center) is shown discussing some of the aspects of the Private Sector Initiative Program (PSIP) during a visit to the Henry L. Hanson Company training site. Left to right are Laurence Gross, Chairman, Cumberland County CETA Planning Council; Peggy Lee Regan, Chairperson, Cumberland County Commission; Secretary of Labor Marshall; Jack Lyons, Director, Cumberland County CETA; Jeff Holmes, Operations Director, Cumberland County CETA.

Reprinted from the September 11, issue of the – **The New York Times**

New CETA Aid for Business

By PHILIP SHABECOFF

Special to The New York Times

PORTLAND, Me., Sept. 7 — When the Henry L. Hanson Company opens its new tool and die plant in this coastal city in December, Ernest Harvey, a husky 19-year-old, will be operating one of the machines. He is one of 15 men and women now being trained in a clapboard shed to run the machinery before the plant's opening.

But the program is not being financed by the company. Mr. Harvey and his colleagues are being trained under a new provision of the Federal Government's much-maligned Comprehensive Employment and Training Act.

The new provision, called the Private Sector Initiative Program, was created to help make CETA jobs, which have often involved dead-end, leaf-raking or make-work tasks, become a source of permanent employment in private industry.

Secretary of Labor F. Ray Marshall, who was in Portland to inspect the new program, called the private sector initiative the "missing link" between public employment and industrial jobs for disadvantaged workers.

Although the Carter Administration is counting on the program to play a major role in relieving unemployment, many critics feel that private industry cannot respond to the degree required, especially during a recession.

A 'Blessing' for Hanson

But to John Harvey, president of the Hanson Company, who had not even heard of the program until a couple of months ago, the private sector initiative has turned out to be "an absolute blessing."

Under the program, Mr. Harvey explained, CETA sponsors, working with a "private industry council," recruited the trainees from the area's unemployed workers. CETA is paying the costs of the training, including the building in which the program is being conducted and for the wages of the trainees. These wages are near the minimum-wage level.

The company provides only supervision and machinery. When the training of the Hanson workers is finished, the machines will be shipped to the company's new facilities, and the workers will begin turning out the dies that the company will place on the retail market.

Although Mr. Harvey had been somewhat worried about Government red tape, he was gratified to find that the training program could be started only six weeks after the company decided to go ahead with it.

"The CETA program," he said, "means we will be able to open our doors with a nucleus of trained people who understand our products and what we are trying to do."

Richard Ford, one of the instructors, was an unemployed school dropout who received six months of training on operating machinery under another CETA program. When he finishes teaching here, he, too, will join the

Continued on Pg. 2

United Press International

Labor Secretary F. Ray Marshall, left, and Mitch Beaumont, who will be the general foreman of the Henry L. Hanson Company plant in Portland, Me., examining a part that will be produced at the plant.

Continued from Pg. 1

Hanson Company. [illegible]

Jobs Will Be Waiting

[illegible]

DIRECTOR'S MESSAGE

It was a great pleasure to have the U. S. Secretary of Labor visit Portland and personally join Cumberland County Commissioner Peggy Lee Rogan in signing the contract providing additional funding for the Private Sector Initiative Program.

To me, one of the most significant aspects of our achievement in this area of training is the team work that has taken place between Cumberland County CETA, the Greater Portland Chamber of Commerce and employers working through the Private Industry Council. For close to two years now we have worked on developing a partnership that is aimed at providing training that will achieve the final goal we are seeking - permanent, well paid, non-subsidized employment for that portion of the labor force which has had continued difficulty in finding and keeping jobs.

Private employers through the Private Industry Council have had the opportunity to help design and implement the type of training that meets their needs. This is true not only in the Henry L. Hanson Company project but in the training of workers in other occupations as well such as welders and electro-mechanical technicians. The employers have been in on the projects from the beginning and have provided the permanent jobs in the end. They have indicated that they are fully satisfied with this type of approach and with the quality of the training that is being delivered.

Government and the private sector can work effectively together. This type of cooperation and improved training helps both the employee and the employer. What is equally important is the fact that it can be an effective factor in the economic development of Cumberland County when it is used as an incentive for new and expanded industrial development.

Jack Lyons, Director
Cumberland County CETA

ECONOMIC DEVELOPMENT

Continued from Pg. 1

Secretary Marshall pointed out that the contract provides for $310,000 to be spent under the direct control of the Private Industry Council (PIC) and added that the Council will also give its advice in the spending of another $6 million dollars in available CETA funding.

"I am pleased to be here because we know that Cumberland County has developed a good working relationship with private employers in this area as exemplified by the training of employees for the H. L. Hanson Co.," said Marshall. "The activity we have here exemplifies the kinds of things that can be done through public and private coordination in order to meet our joint objectives."

The Private Industry Council is part of the President's Private Sector Initiative Program which is a "very important" new component of the public employment and training system, said Marshall.

"One of the missing links that we have had in the system, at least since CETA has been in operation, has been the failure to have an effective working relationship between the public employment and training system and the regular economy," he said. "The idea of the Private Industry Council is to overcome that defect in the system and to make it possible to establish a council made up of the principal actors in the local labor market. You need to have the involvement of the private sector in order to reach the private sector."

Secretary Marshall noted that in the past it has been difficult for government programs to reach the private sector.

"The best thing that can happen to an unemployed worker is to get a job in the regular economy," said Marshall.

The second best thing that can happen to an unemployed worker is to get involved in a public employment and training program that will prepare the worker for a job in the private sector.

"Four out of five jobs in our economy are located in the private sector," said Marshall. "We need the help of the private sector in our whole system."

In the past there has been a "mismatch" between training and economic development, he said.

"One of the main problems we have had is training people with very little assurance that there would be a job after the training is over," he said. "One of the problems that employers have had in locating in a place like Cumberland County is not knowing before they come if there would be labor available to meet their requirements."

The current training program under PSIP brings all these parts together.

"The people know when they are trained that there will be jobs," said Marshall. "They know what kind of jobs because before the plant is ever opened up they are being trained on machinery that they will be using when the plant opens.

"The employer has the assurance of the kind of workers that will be available. Therefore you have bridged the gap in economic development.

"We think this is the ideal kind of activity for private sector initiative," Marshall concluded.

NEW JOBS ARE WAITING

Under the Private Sector Initiative Program (PSIP) workers are being trained to meet the needs of both existing industry and of new industries such as the Henry L. Henson Co.

The training programs which are designed with the assistance of the private sector in Cumberland County, as represented on the Private Industry Council, (PIC), are set up to provide workers with skills that are in demand or that will be needed by new employers.

Critical to the Henson Company training program is the concept of training the unemployed to meet a new company's needs rather than draining the skilled labor of existing firms. This training program is the result of strong cooperation between Cumberland County CETA, Southern Maine Vocational Technical Institute, Henry L. Henson Company and the Greater Portland Chamber of Commerce.

As Secretary of Labor Ray Marshall and Governor Joseph E. Brennan have both pointed out this type of training is particularly significant because of its strong link with economic development activities.

REALISTIC TRAINING

"I am pleased that the Labor Department has recognized what Cumberland County CETA, the Greater Portland Chamber of Commerce and the Private Industry Council have been able to achieve through cooperation to offer realistic, business oriented training," said Governor Brennan. "The example is one that I am sure will be followed many times in the future throughout Maine as we make use of the experience of business, the expertise of local businessmen and the resources of government to provide employment training targeted to meet specific needs."

Henry L. Henson Company is a Worcester, Mass. based metal-working manufacturer which begins a satellite operation in the Gorham, Maine Industrial Park in November. The company is a nationally known manufacturer of taps, dies and screw extractors. The company, which has been in business since 1908, employs about 300 persons in an 89,000 square foot plant in Worcester. The plant expansion in Gorham will initially employ between 50 and 100 persons.

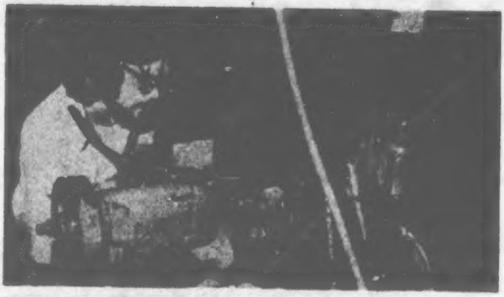
TEN-WEEK PROGRAM

The Henson Company training program began late in August, 1979 to prepare for the opening of the new facility in November. Initial training was in space rented by Cumberland County CETA near its Portland offices. Training is administered by SMVTI which provided assistance in curriculum design using its established machine tool program. The ten-week training program took place on equipment which was provided by the company and moved to Portland.

The basic concept was to have the employees trained and skilled in the Henson Company machine operations prior to the opening of the facility so that when the company opened its doors in November the employees were ready for production.

Not only did the trainees receive training on the actual equipment which will be in use in the new plant but they also received instruction from Rick Bousquet who will be the general foreman of the new plant. Additional instruction was provided by SMVTI. Two of the lead men working on the instruction are graduates of the machine tool program at SMVTI sponsored by Cumberland County CETA.

The students are paid an allowance during the classroom portion of their training and then are paid entirely by Henson Company following their date of hire in November. They are trained by the persons for whom they will be working, on the machines they will be using and the jobs are waiting when the training is successfully completed.



TRAINEES SUCCESSFUL

In addition to the training provided for future employees of the Henry L. Hanson Company, Cumberland County CETA, under the Private Sector Initiative Program, has provided training for welders and electro-mechanical technicians. The graduates of these programs have been enthusiastically received by employers in the area.

"We are now employing five full-time workers who are graduates of the CETA electro-mechanical training program," said Michael Morrisette, Plant Manager for Fairchild Semiconductor in South Portland.

Training in this type of work is filling a shortage that has existed in the area for several years, said Morrisette.

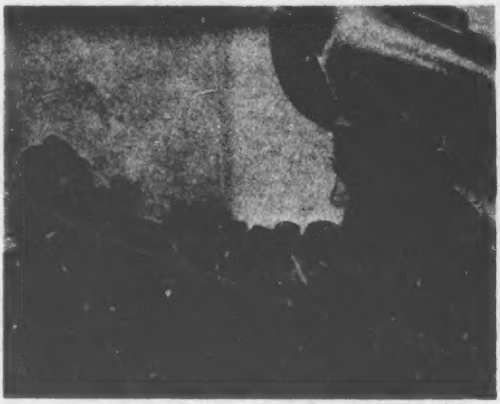
"In the past we have had to hire persons with no experience at all and provide training for six months or a year from that entry level," he said.

The workers who have completed the CETA electro-mechanical course arrive with all the basic skills, he said. The rate at which they gain experience on the job is much more rapid than that of a person who lacks this type of training.

"They have worked out extremely well with virtually no problems," said Morrisette. He added that comments he has heard from other firms that have hired graduates of the program indicate that they have had a similar favorable experience with the CETA trained employees.

"The graduates of the electro-mechanical course are employed here in the maintenance of manufacturing equipment," said Morrisette. "It is light, ultra precision equipment that is quite complex. The maintenance work requires a blend of mechanical ability and electronics.

"The basic skills the students acquire in training are important to Fairchild but they are valued by many other employers as well," said Morrisette.



Graduates of the six-month training program in welding have also been well received by such area firms as Bath Iron Works and General Electric. They receive about $3 an hour from CETA as trainees and receive about $7 an hour as welders. The employers comment that they need little additional training and quickly pick up the requirements of the specific work.

BUSINESSMEN LEAD PIC

Area businessmen from both large and small companies in Cumberland County are serving on the Private Industry Council (PIC) in development of the successful training programs under the Private Sector Initiative Program.

Among the companies represented on the PIC are New England Telephone Company, Bancroft Martin Inc., Data General Corporation, Fairchild Semiconductor, General Electric, Hill Acme Co., Howell Laboratories, Jordan's Ready-to-Eat Meats, Rogers & Seymour, Sears Roebuck, Union Mutual Life Insurance; and S. D. Warren.

Cumberland County CETA and the Greater Portland Chamber of Commerce worked together in the establishment of the Private Industry Council. The Chamber helped organize a manpower committee in April of 1978 for the former Skill Training Improvement Program and this, with some modifications, became the Private Industry Council.

Subcommittees of the Council have been active in developing training for welders and electro mechanical technicians and in improvements in the Job Service program.

The basic theme of PIC was "to avoid fragmentation" said Donald McNamara who serves as Human Resource Development Director of the Chamber and is also director for the PIC.

Area employers were surveyed on their employment needs and also on wage, salary and fringe benefits.

Michael Morrisette, Plant Manager at Fairchild Semiconductor, headed up the subcommittee that designed the training for electro mechanical technicians.

"This is the first time I have had the chance to participate in the design of a training program outside the plant," said Morrisette. "It has worked out really well."

"Most of the job opportunities in the American economic system are in the private sector," said Perry M. Hudson, chairman of PIC and General Manager of the New England Telephone Co. "If we are going to address the problem of unemployment and under-employment effectively, business and industry must be an integral part of the total effort in all stages from planning and training through to permanent employment."

In a letter to Cumberland County CETA on the Hanson Company training program, the need for continued cooperation between the private and public sectors was noted by John Menario, President, Greater Portland Chamber of Commerce:

"It is remarkable that agreements were made, curriculum developed, vestibule training site located and enrollees screened and selected within a six-week time period. Such an undertaking would not have been possible without the cooperative efforts of CETA, the Job Service, SMVTI, and the Chamber. The assistance your staff, and most notably Bill Barton, provided in handling the many details involved was instrumental in the successful and timely development of the program.

"This project has and will continue to demonstrate the effectiveness of the private sector and public agencies working together in manpower and related activities."

PORTLAND - 775-6601
BRUNSWICK - 725-7487

CUMBERLAND COUNTY
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STATEMENT OF HILDA HEGLUND, VICE PRESIDENT, HUMAN RESOURCES, METROPOLITAN MILWAUKEE ASSOCIATION OF COMMERCE, MILWAUKEE, WIS.

Ms. **Heglund**. Mr. Chairman, as a member of Milwaukee's Private Industry Council, I am very pleased to be here today to report on our progress and some of the successes we have experienced with PSIP in Milwaukee County. CETA is not new to the Association of Commerce in Milwaukee. Since its initial passage, we have been the prime contractor and have operated the on-the-job training program under title II–b. Because of that experience and interest, we were invited from the beginning to become a member of the private industry council, and to supply the persons we felt would be good representatives of the business to serve on the council.

Before I describe our PIC activity, I would like to outline why I feel we have been successful in Milwaukee, describe some of the highlights of our program, and finally present some of our concerns and possible changes we would like to see in the operation of the private industry council.

First of all, we have been very fortunate with the prime sponsor in Milwaukee County. The prime sponsor is Milwaukee County rather than the city, and even before title VII was even on the books, or even in the talking stages, our county executive was trying to get the business community involved with economic development efforts, and linking them with the manpower programs that he was responsible for.

In 1977, he created an economic development unit within the county's CETA office, and one of the subcommittees of that original council, the employment and training subcommittee, became the core of the PIC which was created 2 years later. He was building on some of the successes he had initiated originally.

Also our PIC membership is very limited. We only have 12 members who serve on the actual private industry council. We rely very heavily on developing linkages with existing organizations in the community, for example, the association of commerce. When we are designing a specific program for the foundry industry, we utilize the Foundrymen's Association and their expertise in that particular area in designing the program. So rather than expanding the council membership, we have limited it and kept it very workable.

I cannot say enough about our staff. We have a very capable staff, even though they are located at the prime sponsor location. The PIC director is a former staff member of the association of commerce, who is now on the Milwaukee County staff. He knows both sides of the public and private issue very well.

In addition, our CETA director has been very cooperative in working with the PIC. She has been involved with CETA since it first passed, and she sees the PIC as a very strong ally in her efforts to redirect, and to have more input in the CETA programs that are operating in Milwaukee.

Let me just briefly describe some of the activities that our PIC has developed. Our primary program, which uses most of the funds that have been available to our PIC, is the Foundry Casts, Inc., which is a separate nonprofit corporation set up by the Foundrymen's Association.

The foundry industry in Milwaukee is a basic industry to much of the manufacturing base that we have. They had a very hard time attracting people into the industry even though they had jobs paying starting wages of anywhere from $7.50 to $10 an hour for relatively low skills. They had an image problem with the industry.

The Foundrymen's Association designed a training program, a recruitment program, along with classroom and on-the-job training programs that would get people into the jobs that they had available. The average cost of that program is about $2,700, but the graduates of that program are now working in the foundry industry, starting in jobs paying $7.50 to $9 per hour.

Another program that we have authorized funding for is a welding course at one of our CBO's, the OIC Center. I think the most significant part of this program is that OIC has been doing welding training for quite a few years, but before it was pretty much a traditional program.

They have actually asked the Private Industry Council to bring together welding experts from companies represented on the council to take a look at the welding training program. So they have upgraded the equipment. They have changed the curriculum to meet, again, specific needs in industry.

Another exciting project that we have, which is relatively small, is an upgrading project at ADS Manufacturing Co. This was a company located in a suburban location in Milwaukee, which did not have public transit. When they got to the point where they wanted to expand the operation, the Private Industry Council played a key role in luring that company back into the central business area of the city of Milwaukee.

This was the first joint effort of the Department of City Development, Milwaukee County, and the PIC in putting together an incentive package to bring that company back into one of the older industrial areas of Milwaukee.

In addition, the PIC has attempted to develop linkages with other programs that are going on in Milwaukee that address issues that we have been discussing. For example, in the area of education, they set up an education task force, but rather than redesigning the wheel, they have taken the position of supporting our association's education program.

We have developed a 1-on-1 partnership with a major industry adopting each of the area high schools and developing programs. Rather than competing for a piece of that action, they have been very supportive of our efforts.

Another new project, we have established a task force on transportation. Again, there are many jobs in the metropolitan Milwaukee area that the CETA clients cannot get to because of the transportation problems. Many of the jobs have shifted to suburban areas. This task force is working, again, together with some of the suburban districts, working with the transit companies to redesign some route-lines to make the jobs that are available much more easily accessible to CETA trainees.

We would like to see some changes, and we have some recommendations for improvement in the PSIP program.

First. A longer funding period such as the proposed 4-year period that would allow for greater planning. This is one of the hardest things for many of the business people who have served on the PIC, the uncertainty of funds. We get a program going, and we need it, and then we have to wait a while until the startup funds are available.

Second. We would also like to see some changes in the provisions for upgrading. The current eligibility criteria preclude much activity in job areas that would enable us to move CETA clients into better paying jobs in the Milwaukee area.

What we would like to see are upgrading provisions that will create positions at lower levels that will allow CETA employees to enter. Many of the skilled positions that are now open, I think it is unrealistic to asume that we can move the people right in at that level. We have to create movement, and upgrading we feel is a primary way of doing that.

Another major point of discussion with our PIC has been the stipend policy of the CETA legislation. In several of the programs we have designed, we have been able to recruit people who are willing to enter the training because they know they are going to have a good paying job at the end. But we, as a PIC, must either get approval from the DOL, or pay a stipend to the people who are in classroom training. We would like to see some of those regulations relaxed a bit.

I think that one of the most exciting things about PIC is the fact that it is very individual. Every community develops the resources that they have. I think with the title VII legislation, with the PIC organization, it has brought an awareness again. But I would hope that the flexibility that PIC's have been operating under would be maintained to best utilize the community resources.

Thank you, Mr. Chairman.

Ms. HEMMINGS: We have also included additional examples of program success in the appendix to the statement which we filed with you.

There are those who criticize PSIP and say it has not done enough. We say it has done enough to prove its potential. In spite of the difficulties we have described, PSIP has come through.

The PIC's have shown that they can provide a mechanism for a new kind of partnership between CETA prime sponsors and members of the business community to secure unsubsidized jobs for the hard to employ at a very low cost. PIC's enable business, Government, labor and education to join together to provide training and jobs for those who, until now, had little hope for stable, good-paying jobs.

For those reasons, the Chamber of Commerce of the United States makes six recommendations:

First. That Congress enact H.R. 6769 to reauthorize PSIP for 4 years. A 4-year commitment would convince business that Congress is serious about the program, and encourage business to become more involved.

Second. Accompanying this reauthorization should come an appropriation for 1981 approximately equal to the 1980 appropriation. After that, increased funding should be provided by gradually diverting funds from the CETA public service employment titles to PSIP so as not to further increase spending for CETA. The funding mechanism should include financial incentives for the development and implementation of effective programs. Business people understand and will respond to financial incentives based on performance.

Third. The Department of Labor has indicated twice that it will establish criteria for PSIP performance. We urge that this legislation provide that representatives of PIC's, PIC staff and prime sponsor professional staff be included on any work group or task force established to undertake the definition of performance criteria for PSIP.

Fourth. PIC's should be permitted to engage in up-grading activities as this piece of legislation provides.

Fifth. The entire CETA program, not just title VII, should be coordinated with economic development activities. However, economic development activities are not all funded by the Government. We recommend that in H.R. 6796 the definition of economic development be expanded to included private-funded economic development efforts.

Sixth. Since PSIP is such a small part of the total CETA program, about 5 percent, PSIP's opportunities should not be eroded by designating 10 percent of title VII funds to prime sponsors to promote Federal, state or local economic development activities, but designate that 10 percent as incentive money for PIC's to integrate their programs with economic development.

Your bill, Mr. Chairman, modified as we have proposed here, will enable CETA to return to its original purposes, to help the hard-core unemployed find new work and new lives in the private sector. This bill, if backed with adequate financial resources, will bring to fruition the hope expressed by President Carter, January 20, 1978, when he announced the PSIP program, and I quote:

> By emphasizing the creation of private jobs, our resources will be used more efficiently, our future capacity to produce will expand more rapidly and the standard of our people will rise faster.

We thank you for this opportunity to present our views to this subcommittee.

We also have a statement on the Welfare Jobs Program and Youth Employment Initiatives, which we would like to file with you.

Mr. HAWKINS. Ms. Hemmings, we note with great interest your recommendations. They certainly will be given full consideration by the subcommittee. I believe several have already been addressed. One or two may be somewhat new. We certainly appreciate having these specific recommendations.

Mr. Weiss.

Mr. WEISS. Thank you, Mr. Chairman.

Ms. Hemmings, I think that we all share your enthusiasm with the potential of the private sector initiatives program.

I remember Ms. Heglund's testimony before this subcommittee and I think perhaps another one as well in 1977, which was responsible to a great extent for focusing our attention on what the private sector had been able to do even without very great focus by the Federal Government or by the CETA legislation.

May I ask you, what your estimate as to the total number of people who have gone through or are currently in the process of being trained in the various private sector programs across the country?

Ms. HEMMINGS. I must admit that I am relatively new in this area with the chamber, having started January 10. I am in the process of designing a survey which will be prepared through our survey center which will be looking at that specific information. I do not have figures with me today which can tell you, but we are indeed attempting to find out.

Perhaps some of the other people here, such as the executive director of the National Association of PIC's Executives may have more specific information than we have at hand at the moment.

Mr. **Weiss.** I wonder if I could ask Mr. Rae and Ms. Heglund, in their program, how many people are enrolled in the program, how many have gone through the formal adoption of the private sector initiatives program, and what the potential field in your respective communities may be at this point if, in fact, you had funding for doing the work.

Ms. **Heglund.** Currently the PIC activities, the training programs serve about 300 people in Milwaukee County. In addition to that, we do have the OJT program, which serves an additional 300 to 400 people, depending on how much activity we can generate.

So it is very limited as far as our total CETA operation. What we have been trying to do is to get more movement into private jobs, whether or not they are controlled by the Private Industry Council. For example, with the OIC program, we have been much more successful in getting their trainees placed in private jobs as well, even though it is funded under a totally different title.

I think the influence of the PIC has been felt in several of the other titles. So as to the total number of people placed as a result of our efforts, it would be difficult to come up with a number. I must admit that we have not necessarily tried to find out, as long as we are improving the movement in that direction.

Mr. **Rae.** We train approximately 215 to 230 individuals. Today, 20 of those individuals are placed in jobs. They are averaging $5.67 per hour. This was the first group that graduated, with 100 placement.

We have a privately funded program known as the Hispanic employment program. This program has serviced over 200 individuals who have come in for job counseling and placement in the private sector. We have placed in 2 months approximately 50 individuals. We are currently doing followup on retention rate. The private sector feels that the retention rate is a key ingredient to a successful program. Today, we have a significant retention rate.

Mr. **Weiss.** Yesterday, the former head of the President's Council on Wage and Price Stability said that in urging wage and price controls, he favored them because otherwise what is going to happen is deep recession. He still used the word "recession," and I think the word "depression" probably ought to come into vogue; one which will throw 10 to 15 million people out of work, and that is too high a price to pay.

Now, supposing there is a deep recession or a depression, what effect does that have on the work that you are doing with the private sector?

Mr. **Rae.** I cannot speak nationally, but in our area, recession is not hampering our industries. We are in a heavy manufacturing area, and the sales are continually increasing, and most manufacturing companies are working at approximately 75 percent of their total manpower commitment that they need. Many of them are operating only one shift simply for the lack of employment.

In a recent survey that we have conducted, we have found that we have over 1,800 openings in four specific occupational areas, these are welding, tool and die machining and the electronic cluster. We have every indication in our area to believe that there are plenty of job openings. We have the people, but they do need training. Our training facilities need the expertise of the private businesses to tell them how to train and where to train.

We are also involved in economic development, where we are bringing expanding electronic companies into our area. Within the next 2 weeks, two major companies will relocate in the Springfield area providing close to 5,000 jobs.

The major ingredient for attracting these companies was manpower.

The private industry council worked closely with the prime sponsor to develop appropriate training programs. We have them in place, and they are ready to go. There will be a commitment of some private sector dollars to help that along.

So, in answer to your question, we feel that the recession will not hurt our area. We feel that we have many job openings, and in fact they are seriously hampering industrial growth.

Mr. Weiss. Mr. Rae, you are very fortunate to be in that kind of an area.

Ms. Heglund?

Ms. Heglund. Several years ago when the unemployment rate was relatively high- -Milwaukee has a good diversified base, so we always feel the effects of a recession a little bit later than most, but even several years ago when the unemployment rate was around 6 to 7 percent, there was still a need for skilled workers.

Right now we are trying to put together a program to encourage companies to use those slower periods for retraining and upgrading current employees as well as new trainees.

I think the emphasis on training has decreased for a number of years. We have a very good vocational training system in Wisconsin, and we have come to rely on them a little bit too heavily. We are trying to get more companies back into the training business to meet their own individual needs, and what better time to do it than when production equipment is not needed.

We feel that it is a good opportunity to do additional training within companies, developing apprenticeship programs, with the knowledge that things are going to be picking up and they are going to need the skilled workers. That is where the need is, the higher skilled workers in the industrial economy.

Mr. Weiss. That is fine. The reason I asked the question, though, was because of a statement which I think appears in the summary of the chamber's recommendations. One recommendation in particular apparently states that money should be gradually diverted from the CETA public employment titles, so as not to further increase spending for CETA.

If, indeed, the administration economists are right in their forecast of a recession, do you think that the private sector will then be able to incorporate not only those who are currently unemployed, but the additional people who are also going to be unemployed?

Ms. HEMMINGS. The kind of recession that creates 10 million people out of work, I doubt that either the private or the public sector will be able to absorb all of them.

I think the point we are trying to make here is that in terms of training the hardcore unemployed for unsubsidized work, this kind of effort with private industry has been more successful than PSE. It is that element to which we are speaking.

There are a number of studies that indicate that CETA was designed originally to be a program to help the hardcore unemployed, and not to be an instrument of countercyclical financing. It is not at its best when it is doing that. There are many instruments that can be used for countercyclical funding. We have gotten into this, and I doubt that we are going to stop it totally.

But you are talking about a program, PSIP, which is 5 percent of the total CETA effort, and a great deal could be done, and this program could grow enormously, if we would divert some of that money.

Mr. WEISS. I applaud all that.

Ms. HEMMINGS. That is all we are saying.

Mr. WEISS. But it would be helpful if the chamber recognized that we are likely to have a massive unemployment problem, worse than the one we are currently in.

Unfortunately, we have localities where the unemployment level is not the kind of situation that you have described as existing in Milwaukee, or in the Springfield area.

Thank you, Mr. Chairman.

Mr. HAWKINS. Thank you, Ms. Hemmings, and your associates. You have been very helpful to the committee.

The next group of witnesses will be a panel consisting of Mr. George Richmond, executive director of the Philadelphia Private Industry Council; Ms. Millicent Woods, executive director of the National Association of Private Industry Councils; and Ms. Catherine Stratton, executive director of the Boston Private Industry Council.

I don't know which will be the first speaker.

Ms. WOODS. I am Millicent Woods, Mr. Chairman.

Mr. HAWKINS. Ms. Woods, we will recognize you first, then.

STATEMENT OF MILLICENT WOODS, EXECUTIVE DIRECTOR OF THE NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

Ms. WOODS. I am Millicent Woods, and I am executive director of the National Association of Private Industry Councils. I am very glad to have with me today two of my board members who will present statements on behalf of our organization.

Thank you.

Mr. HAWKINS. Thank you.

[Prepared statement of George H. Richmond follows:]

PREPARED STATEMENT OF GEORGE H. RICHMOND, EXECUTIVE DIRECTOR, PRIVATE INDUSTRY COUNCIL OF PHILADELPHIA

My name is George H. Richmond, I am Executive Director of the Private Industry Council of Philadelphia, Executive Vice President of the National Association of Private Industry Councils, and Chairman of the Association's Subcommittee on Policy, Research and Evaluation. I am here today to testify in support of H.R. 6796, sponsored by Chairman Hawkins, Chairman Perkins, and Mr. Jeffords. I am grateful for the opportunity to appear today before you and hope that the testimony I have prepared will buttress support for this bill.

I am accompanied today by Millicent W. Woods, Executive Director of the National Association of Private Industry Councils (NAPIC). I would like to take a moment to tell you about our organization and to reflect briefly on our objectives. NAPIC was established last fall by a small group of PIC executives who had been meeting informally to discuss mutual program ideas and concerns. These meetings proved so valuable to those participating that it was decided to form a formal structure through which PICs across the country could share program ideas and solve problems together. We established a Washington office in December to enable our organization to achieve the following objectives:

Communicate the views of our membership—Private Industry Council members and their operating staff—to national policymakers.

Foster mutual assistance among PICs across the country through the network established by NAPIC.

Devise, through our members, a means for evaluating the effectiveness of PICs in developing an employer clientele for the CETA system.

The third objective, Mr. Chairman, is one I wish to stress. We believe that Title VII was a Congressional mandate redirecting federal employment and training policy toward unsubsidized employment. In essence, this means that CETA—the operating arm of the federal government's manpower policy—must integrate private sector employment and training needs into its program planning and design. Title VII created PICs to accomplish this goal. NAPIC intends to work through its local members to evaluate means of developing this employer clientele for CETA.

I am pleased to appear before you today to discuss the Philadelphia PIC's recent activities and to support H.R. 6796.

At a meeting of my NAPSIC Subcommittee last Friday we found broad support from representatives of PICs across the country for H.R. 6796, especially for the provision it makes for a four-year extension of Title VII. The PICs represented at that meeting and the Board of the National Association, believe that the four-year extension of Title VII will be greeted by membership of Private Industry Councils as a sign from the Congress and the Administration of a continuing and long-standing commitment:

(1) To the evolution of the Private Sector Initiative Program;

(2) To constructive, long-range reform of the CETA system; and

(3) To the gradual development of manpower training/economic development as the major theme of Title VII.

While expressing support for the overall thrust of H.R. 6796—linkages between CETA and economic development activities—I would like to suggest the following minor modifications in the language of the bill:

1. Revise the first sentence in Section (b)(2) of Section 702 to read:

> Ten percent of the funds made available for carrying out this title shall be used by the Secretary to provide incentive bonuses to Prime Sponsors who, through their Private Industry Councils, coordinate activities under the Act with economic development activities supported by Federal, State, or local funds in order to increase unsubsidized employment opportunities.

Such revisions in language will:

(a) Clarify the need for Prime Sponsors/PICs to engage in specific, tangible activities which provide linkages between CETA and economic development;

(b) Clarify the role of PICs in bringing about such CETA/economic development linkages. In this regard, Mr. Chairman, I would point out that through its membership, a PIC can leverage private sector dollars, further enhancing community economic development. By specifying a role for PIC members in the legislation, we will build on the public/private partnership concept.

2. Revise the language in Section 702 to read:

> (3) by inserting "local economic development councils," immediately after "community-based organizations" in Section 703(b)(5).

I support the intent of the legislation to have economic development councils represented on the PIC. However, since Public Works and Economic Development Act councils do not exist in all CETA Prime Sponsor jurisdictions, it seems appropriate to allow participation on the PIC by any local economic development council.

It may be helpful to the Chairman and to the Committee to hear about manpower training for economic development activities being initiated and coordinanted by the Private Industry Council of Philadelphia. It appears to us that we have set out to do the type of activity H.R. 6796 seeks to encourage.

The Philadelphia PIC identified economic development as the focus of its Title VII activities immediately after the Council organized. It selected an economic development focus because the Council members did not wish to embark on manpower training activities without firm prospects for employment at the end of the training activity. By focusing the PICs efforts on economic development activity (job creation activity), the Private Industry Council of Philadelphia felt it could position itself as an organization to guarantee that the investments made in training programs would result in actual job placements and job retention. In other words, it believed that it could use the public dollars under its control to leverage private dollars, in the form of employment, for economically disadvantaged individuals.

Although we have just begun to implement our PIC's broad economic development efforts, I can report on two projects which have begun. The first project links training activity to jobs generated by private sector investment. The second project links training activity to jobs created by public sector investment.

In the first instance, the Philadelphia PIC is contracting with a large private corporation opening a new hotel in downtown Phliadelphia. The hotel will employ 500 workers. We expect to train 175 of those workers under the auspices of the Private Industry Council. To oversee the design and implementation of this program as well as the design and implementation of training programs for four additional hotels opening in Philadelphia, the PIC established a Hospitality Employer Council. That offshoot of the PIC has attracted the managers of major hotels and restaurants in Philadelphia as its members. It is chaired by Russell Busby, a senior corporate officer of ARA. The Hospitality Employer Council is now working on plans to establish a permanent training facility, linked to CETA to meet new job demands and to fill positions in other hotels in the city which occur because of the growth of Philadelphia as a convention and hospitality center.

The second major manpower for economic development project being launched by the Philadelphia PIC is using a combination of Title VII and Targeted Jobs Demonstration Funds. CETA, EDA and HUD monies are being invested in the American Street Corridor, an aging industrial area in North Philadelphia. American Street has been targeted by the city as a business revitalization district. American Street contains 475 small business firms. The city has invested millions of its federal dollars in infrastructure improvements for the area. The Philadelphia Economic Development Council (PEDC) has augmented that investment by making subsantial investment of EDA funds in the firms on American Street. The PIC is training economically disadvantaged individuals—primarily individuals who reside near American Street—for jobs yielded by these EDA improvements and by PEDC grants and loans. These two projects appear to be exactly the type of activity envisioned by the bill under discussion today.

Looking beyond Philadelphia PIC's activities, I would like to comment more generally, Mr. Chairman, on your bill and its impact on PIC activities across the country.

If the expected downturn in the U.S. economy occurs, resulting in decreasing private sector job creation, it will be very important to have an organization in place that can address itself to publicly-inspired job creation activity. I suggest that, with the revisions in wording I have recommended, H.R. 6796 will identify PICs as the appropriate local organization to achieve this purpose. It has the effect of broadening the purposes of the Title VII legislation from private sector job-creation activity to both private and public sector job-creation activity.

The second important feature of H.R. 6796 is the extension of Title VII for 4 years. I believe it is safe to say that this provision of the bill will be unanimously welcomed by the thousands of individuals who have become engaged in building the Private Sector Initiative Program. It will be greeted as a sign that the Administration and the Congress value the considerable time commitments businessmen, labor officials, educators and officers of community-based organizations have been making to PSIP. It makes a clear statement from Congress of its intention to bring change to the entire CETA system through private sector participation and cooperation. It says further that the Congress understands more about the process it has set in motion than has been credited to it. Those of us involved in Private Sector Initiative Program activities are constantly being asked to provide the press and the CETA system with the results of an experiment that has only just begun. I am convinced that such queries reflect a lack of understanding of what the Congress has asked PICs to do and of how long it takes to do it. A four-year extension of Title VII makes clear the long-term nature of impacting broadly on the CETA system.

Mr. Chairman, I have devoted my adult life to organization building—to start-ups, and to programming organizations for activities designed to bring about the participation of the economically disadvantaged in the primary economy of this country. Of all the organizations and programs I have developed, the goals of the Private Sector Initiative Program are the most difficult to accomplish. I say this after having just completed the construction of a major youth initiative in Hartford, Connecticut.

Contrary to popular belief, the Private Sector Initiative Program isn't moving slowly. Rather, I fear, it is moving faster than may be prudent. Congress has legislated into being a new community institution. The obstacles and barriers to forming that institution and making its function differ from community to community, but in every jurisdiction the obstacles are formidable, requiring time and effort to overcome.

Congress did not legislate a private sector employment and training program that is wholly private sector. It is only directed by the private sector. Labor, educational organizations, and community based organizations have all been invited to participate: the effort that goes into reconciling their often conflicting points of view and contrasting ways of doing business requires considerable energy. This takes time.

Neither did Congress legislate the creation of a program that stands by itself. It legislated a program that must grow within the context of the CETA system. In many jurisdictions the local prime sponsor has viewed the mandated creation of the PIC with suspicion, and, in some cases, without outright hostility because it is perceived as competitive or duplicative of the Prime Sponsor's own efforts.

The tensions in the relationship between PICs and Prime Sponsors need to be resolved. In the majority of jurisdictions, the negotiation of the PIC's role in the prime sponsorship remains to be determined. We face the prospect of a great deal of conflict between Prime Sponsors and PICs as they differentiate their roles in the employment and training arena. In most jurisdictions, I am convinced, tensions will subside, and constructive relationships will emerge as PICs and Prime Sponsors learn to work together. The time and effort to accomplish this should not be underestimated.

The 4-year extension will serve as a message from Congress. It will be read as a restatement of the Congressional commitment to an open-ended kind of reform of the CETA system that has begun. The businessmen and the representatives from other interest groups who have been drawn into the public sector to create a public sector clientele from the CETA system will be encouraged to continue to persevere in their efforts to build such a change in manpower policy. It will be seen as a recognition that Congress understands the difficulty of what is being undertaken, understands that institution-building happens one step at a time, and that those engineering this reform do not intend to shift gears or to change the overall direction of its effort. To carry out this reform, we need a certain degree of stability.

One final point, Mr. Chairman. It is essential that Congress and the Department of Labor communicate to Prime Sponsors the necessity of building an employer clientele the CETA system. If the long-term objective is redirecting the CETA system toward full-time unsubsidized employment then CETA must build an employer clientele. Prime Sponsors need to be assured that they will be rewarded for their efforts to establish such a relationship with employers. The technicalities of CETA regulations are overwhelming to employers, newcomers to the whole CETA system. Occasionally PICs will run afoul of the labyrinth of regulations. It is important that Prime Sponsors know that they will be judged—not by whether the Title VII effort has met every technicality of the CETA regulations, but rather by the degree to which CETA redirects its programs to private sector manpower needs. The job is to get disadvantaged people employed in unsubsidized jobs and to retain them in these jobs as long as possible. Prime Sponsors need to know that they will be supported in getting this job done. They need to know they will be supported when they look beyond government regulations and allow Private Industry Councils to initiate programs not spelled out in CETA regulation XYZ. And they need to know that DOL will frown on any bureaucratic attempts by auditors, regulators and Prime Sponsors which will deter getting the job done—placing disadvantaged people in unsubsidized jobs.

I believe the 4-year extension contains that message; and am pleased to express strong support for that message, as contained in H.R. 6796.

STATEMENT OF GEORGE H. RICHMOND, EXECUTIVE DIRECTOR, PRIVATE INDUSTRY COUNCIL OF PHILADELPHIA

Mr. Richmond. Mr. Chairman, would you like us to summarize?

Mr. Hawkins. I think we would appreciate that. We don't know just how much time we have. The bells may begin ringing at any minute, and yet we may have adequate time.

Mr. Richmond. My name is George Richmond. I am executive director of the PIC in Philadelphia, and executive vice president of the National Association of Private Industry Councils, and chairman of its subcommittee on policy evaluation and research. I have come here today to testify in support of the bill, H.R. 6796.

It is an honor to testify today before the subcommittee. For many of us who are involved in PSIP, this is our first opportunity to dialog with those who have forged the new directions in manpower policy. We are well aware and most appreciative of the commitment and leadership that you and other members of the committee have demonstrated.

I am particularly pleased to testify with other individuals who have been active and early supporters of the title VII effort, Mr. Kolberg of the National Alliance of Businessmen, and Mr. McGlotten of the AFL-CIO. I am also in favor of the testimony of the national chamber.

Kay Stratton and I are both members of the National Association of Private Industry Councils, and we are accompanying Millicent Woods here today.

NAPIC was established last fall by a small group of PIC executives who had been meeting informally to discuss mutual program ideas and concerns. These meetings proved so valuable to those participating that it was decided to form a formal structure through which PIC's across the country could share program ideas and solve problems together.

We established the Washington office in December to enable our organization to achieve the following objectives:

To communicate the views of our membership, private industry council members and their operating staff, and national policymakers.

Foster mutual assistance among PIC's across the country through a network established by the association.

Devise, through our members, a means for evaluating the effectiveness of PIC's in developing an employer clientele for the CETA system. I am going to emphasize that this is not clearly stated in the bill as a mission, but this is something we think ought to happen. CETA has been devoting, in terms of its membership, significant resources developing a participant clientele, but we interpreted the title VII effort as really an effort on the part of the Congress to get an employer clientele generated for that participant clientele. What we are interested in seeing happen is that match of clienteles.

This third objective, Mr. Chairman, is one which I wish to stress. We believe that title VII was a congressional mandate redirecting Federal employment and training policy toward unsubsidized employment. In essence, this means that CETA, the operating arm of the Federal Government's manpower policy, must integrate private sector employment and training needs in the program planning and in the program design. We have been involving the private sector in the design of the employment and training programs.

In the meeting last Friday of my subcommittee of NAPIC, we took up the items that are before us today in this legislation, and I would like to speak to those.

We support the 4-year extension. We think that that will be encouraging to the thousands of members of PIC's who have become involved from the business community and also from the labor community, and the community-based organization, and others in the development of industry council movement.

We are also in support of the economic development features of the bill. We urge that there be one or two amendments, and that those coincide with those that were voiced by Mr. Kolberg. I would not call them amendments, but modifications.

In the text of my remarks, I have suggested two miner modifications of the bill, Mr. Chairman. The first suggestion is to add language that specifies the involvement of private industry councils in CETA economic development activities. I make this suggestion for the following reasons:

PIC members, especially in my community, have adopted as the major focus of the PIC manpower training for economic development activity in the private sector. We are extending that also into manpower training from economic development activity in the public sector, and we see this bill is encouraging that direction. We find that for the major group of our council that is the direction they want to go. We are very encouraged by the bill moving in that direction.

The reason for doing it as a public activity is that we will be able to leverage private sector funds, as well as with the public dollars that are being furnished by the CETA system, so that we can bring together a whole community effort.

The second suggestion is to delete the specific reference to Public Works and Economic Development Act councils called for in section 702. In some communities, those councils do not exist, and there are others who are performing that function.

I would like to highlight one last aspect of my written statement, and that deals with the relationship between PIC's and primes. This is a major area of concern to us in Philadelphia and in other communities, and was spoken to at length by members of other PIC's throughout the country at the Friday meeting.

It is essential that Congress and the Department of Labor communicate to prime sponsors the necessity of building an employer clientele for the CETA system. If the long-term objective is redirecting the CETA system toward full-time unsubsidized employment, then CETA must build an employer clientele.

Prime sponsors need to be assured that they will be rewarded for their efforts to establish such a relationship with employers. The technicalities of CETA regulations are overwhelming to employers, newcomers to the whole CETA system. Occasionally PIC's will run afoul of the labyrinth of regulations, and they are formidable.

It is important that prime sponsors, now that they will be judged not by whether the title VII effort has met every technicality of the CETA regulations, but rather by the degree to which CETA redirects programs to private sector manpower needs, and does the job of seeing disadvantaged persons in those jobs.

I envision a time across the country when we will see strains emerge between PIC and primes because they have broken one rule or another, and the primes in many cases will take over a program because a rule has been broken, and drop off the private sector. I think that that is easy to do, given the complexity of the issues, and I would like to see Congress make clear what the intent of this bill is, which is to bring the private sector in. They have to learn the system. They have to learn the regulations. That is going to take time.

We have hired several individuals on our staff of 30 from the prime to make sure that we don't make too many mistakes, and we are being cautious in every way. We are checking many of our programs with the prime, and we have a very collaborative relationship. Thus far, we have only had one episode that was destructive of that relationship, and it is going through the process of rebuilding.

It is not clear to the primes, because of the way the bill is phrased, or the law, which says that the prime has ultimate responsibility, financial responsibility for what the PIC's are doing. When a rule is broken, that translates into that responsibility.

I would like to yield the floor to my colleague, Kay Stratton, from Boston.

[Information and prepared remarks of Catherine Stratton follow:]

THE BOSTON PRIVATE INDUSTRY COUNCIL:

A New Partnership

CITY OF BOSTON
OFFICE OF THE MAYOR
CITY HALL, BOSTON

KEVIN H. WHITE
MAYOR

The Private Industry Council represents a tradition of which Boston is proud -- a tradition of business leaders concerned enough about the future of Boston and her residents to invest their time and effort in strengthening the link between the public and private sectors.

Most of this country's jobs are generated by the private sector and yet a good part of our past investment in jobs programs has gone toward placing the unemployed in public service jobs. Nationally, we're beginning to see the light, shifting the emphasis onto training programs designed to meet the needs of industry and to provide jobs which lead to meaningful careers in the private sector.

We in Boston are proud of our record and are determined to continue to take the lead. In my inaugural address, I committed this Administration to the goal of guaranteeing a private sector job to every graduate of the Boston Public Schools who seeks employment. Given Boston's booming labor market, given training facilities in our public schools and elsewhere in the City which are second to none, and given meaningful cooperation between the public and private sectors, we will accomplish that goal. The commitment of the Private Industry Council will be crucial to success, joining with the City's Employment and Economic Policy Administration.

I commend the work of the Council and I am grateful for their dedication to the City. Working together, we can succeed in training the City's residents to fill businesses' need for skilled workers, at the same time ensuring that the benefits of Boston's economic success are captured by Bostonians.

Sincerely,

Kevin H. White
Kevin H. White
Mayor

State Street

State Street Bank and Trust Company
225 Franklin Street
Boston, Massachusetts 02101

William S. Edgerly
Chairman of the Board
and President
(617) 786-3110

The goal of The Boston Private Industry Council, Inc is to help increase Boston's vitality as a city by helping to create jobs in the private sector. To accomplish this, the Council draws support from the people who make the investment and hiring decisions. Through membership in the Council, business works with government, labor and community organizations to increase the City's ability to attract investment, and to upgrade the skills of its sizable pool of workers. This makes good business sense - it strengthens the Commonwealth through its largest city, and it can improve a company's own operations.

The key to success in this effort is an effective public-private partnership. The government - federal, state and city - has recognized that most jobs have to be provided in the private sector. Government resources must be coupled, in new and innovative ways, with private initiatives. Participation by business must be based on incentives - including subsidies for on-the-job training, tax credits and investment incentives. The training system must be coordinated - interweaving the schools, the skills training centers, and industries' training on the job. Investment decisions in Boston's favor - to stay, to expand, or to try something new - must be made easier by effective government cooperation and by the availability of skilled people.

The Boston Private Industry Council fills a unique role in meeting these needs. Its activities are catalytic. It is professionally managed. Its structure and operating plan reflect years of experience with the realities of investment and employment in Boston. Broad participation by business is an essential ingredient to fulfilling its potential.

WS Edgerly

Chairman
The Boston Private Industry Council, Inc.

A New Partnership

The past decade has brought a growing awareness that the problems of American cities cannot be solved merely with the infusion of federal funds. Indeed, recent experience has demonstrated that without a strong public-private partnership at the local level, efforts to revitalize urban areas have proved largely ineffective. The Boston Private Industry Council, Inc. was established in the Spring of 1979 as part of a national effort to actively engage the private sector in the formulation of employment and economic policy. Its Board of Directors reflects the diversity and breadth of corporate and community activity within the city; its members represent large and small business, organized labor, education and training institutions and community agencies.

The mission of the Boston Private Industry Council is to increase employment opportunities for Boston's unemployed and underemployed residents. To this end, the Council, working in partnership with the City's Employment and Economic Policy Administration, sponsors a range of activities designed to improve the investment climate for local employers and produce a skilled labor force to fill new jobs created by commercial and industrial expansion. Serving as an intermediary between the private sector and public institutions, the Council develops new approaches for involving business in the planning and management of skill training, vocational education and economic development programs.

Skill Training

During the past few years, there has been an increasing concern over a national policy which invested eighty-five percent of federal manpower funds in temporary public service employment while five out of every six jobs were located in the private sector. Recognizing the need to redress this imbalance and to increase business participation in the design and administration of such projects, Congress enacted the Private Sector Initiative Program. The Boston Private Industry Council administers this program which trains low income Boston residents in a number of skilled occupations. Each course, whether taught at a company or in an off-plant location, is carefully designed to employer specification by experienced industry representatives. Curricula, equipment and instructional capacity are reviewed by participating employers to ensure that graduates have the prerequisite skills to meet company needs.

This customized training approach provides sufficient flexibility to assist both small and large business in the commercial, service and manufacturing sectors. On-the-job training, classroom instruction or a combination of the two are used to train new workers as well as to upgrade or retrain a company's entry level employees. The Council pays for administrative costs, one half of on-the-job training and all of classroom instruction. Pertinent information on government tax credits and related financial incentives is provided to each firm.

A major objective of the Boston Private Industry Council is to encourage and monitor the coordination between Boston's existing employment and training system and its economic development program. The Council views its training resources as a tool for job creation — a means to attract industrial development and to retain Boston's manufacturing base. For this reason, the Council gives first priority in disbursing its training funds to firms expanding or locating within the City. By targeting its resources and tailoring its training to employer specifications, the Council strengthens the local tax base, fosters economic growth and provides stable, permanent jobs for city residents.

Vocational Education

Training programs help to solve the needs of employers for skilled workers and provide jobs for the unemployed. Finding long-term solutions to the problem of structural unemployment, however, requires changes in our basic institutions. The Council recognizes this need for change and seeks to actively involve the business community in the efforts of the Boston Public School System to provide a balanced educational experience which includes vocational as well as academic training for the City's youth.

An example of this involvement is the Council's work with the Tri-Lateral Council for Quality Education and the Task Force on Education and Employment at the Hubert Humphrey Occupational Resource Center (ORC). The ORC, one of the nation's largest high school and vocational facilities, offers a curricula planned and designed in cooperation with leading Greater Boston area employers. Technical assistance provided by Council-sponsored Employer Work Groups ensures that the courses, equipment and instruction offered at the ORC meet industry standards and that students learn practical job skills. The Council also supports the efforts of community and social service agencies working with school dropouts. Through the development of cooperative education positions, entry level worksites and career training programs, the Council can help prepare out-of-school youth to be productive members of Boston's labor force.

Economic Development

Developing a skilled labor force is but one of many factors that contribute to Boston's ability to retain and attract business. The assembling of land and buildings for industrial and commercial expansion, the improvement of physical infrastructure, the provision of subsidized financing, loan guarantees and tax incentives, and the delivery of public services are all important elements of the City's economic growth strategy. The success of Boston's development program rests, in large measure, on the ability of the public and private sectors to work together in an effective, coordinated manner. The Boston Private Industry Council provides a forum for the leaders of business, government and the community to discuss the opportunities and the obstacles to balanced economic growth; it establishes a framework for negotiation and consensus and a vehicle for initiating cooperative ventures.

Through its sponsorship of seminars and conferences, its outreach to business and its continuing analysis of public policy and legislative action, the Council keeps the business community informed of the availability of employment and financial assistance programs. It assists companies to use these resources while working with government agencies to facilitate effective interaction with the private sector. It articulates the perceived problems and needs of business and recommends changes in public policy or process to improve the local investment climate and encourage corporate expansion. The Council acts as a catalyst for both public and private institutions to develop cooperative strategies for utilizing the full range of financial, human and physical resources available to strengthen the City's economy.

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Prepared Statement on H.R. 6796, Legislation To Revise and Reauthorize Title VII of the Comprehensive Employment and Training Act by Catherine N. Stratton, Executive Director, The Boston Private Industry Council, Inc.

Mr. Chairman, committee members, I appreciate the opportunity to speak to you today about the Private Sector Initiative Program and the proposed amendments to Title VII of the Comprehensive Employment and Training Act. Before commenting on each amendment, however, I would like to give you a brief overview of the Boston Private Industry Council, Inc.

The Council held its first meeting in February, 1979; two months later it incorporated as a private nonprofit organization, supported by both public and private funds, with a twenty-five member Board of Directors chaired by William S. Edgerly, Chairman and President of the State Street Bank and Trust Company. The Board reflects the diversity and breadth of corporate and community activity within the City; it is composed of the chief executive officers of sixteen Boston-based companies as well as the principals of the City's education and training institutions, organized labor and community agencies. The Board has played an exceptionally active role in formulating Council policy, articulating its mission and shaping the operating agenda that has guided the PIC's development over the past year.

Broadly defined, Boston's employment and training system includes over 100 agencies, public and private, which provide services to the CETA eligible population. Early in its organizational development, the Council recognized that what was not needed was another, competitive program operator. Rather, the Board of Directors determined that the Boston Private

Industry Council should act as a coordinative, catalytic organization focusing on systemic problems and serving as an intermediary between public institutions and the private sector. For this reason, the Council elected not to operate projects directly but, instead, to design programs that are now being tested by existing agencies of demonstrated effectiveness. This approach has allowed the limited resources of the Boston PIC to be used as seed money to test concepts, strengthen existing programs and develop new strategies for increased private sector participation. At the same time, it has avoided establishing an administrative system parallel to that of the prime sponsor, thereby reducing overhead costs and unnecessary duplication of technical and support functions.

The skill training programs funded by the Boston Private Industry Council for FY '80 represent a broad range of high demand occupations selected because of their projected growth, attractive starting wages and the likelihood of being recession-proof. They include electronic technicians, phototypesetters, medical secretaries and word processors. A supported work program for secretarial training of AFDC mothers and a project to upgrade entry level employees into computer programmer positions have also been funded. Work groups of industry representatives have been established to review curricula, equipment and instructional capacity of each program to insure that the training meets employer specifications.

A major objective of the Boston Private Industry Council is to encourage and monitor the coordination between Boston's employment and training system and its economic development program. The Council views its training resources as a tool for job creation -- a means to attract industrial development and to retain Boston's manufacturing base. For this reason, the Council gives first priority in disbursing its training funds to firms expanding or locating in the city. In addition, it has reserved a small pool of its funds to provide customized training for expanding small and minority owned firms, particularly those identified by Boston's Economic Development and Industrial Corporation and by local community development corporations. By targeting its resources and tailoring its training to employer specifications, the Council strengthens the local tax base, fosters economic growth and provides stable, permanent jobs for city residents.

To support its program initiatives, the Council is currently designing a comprehensive marketing plan to alert companies to available business assistance programs and to increase access to private sector jobs for Boston's unemployed population. The marketing strategy is based on the development of a sales package -- or portfolio -- that contains an array of incentives and aids to business: training and upgrading, tax credits and abatements and economic development programs that exist at the federal, state and local level. The marketing staff, then, will serve as intermediaries between business and government agencies -- the contact point for matching private employer needs with public training and development resources.

That, Mr. Chairman, is a brief description of some of the projects implemented by the Boston Private Industry Council during the past year. I believe it is important to note that much of what has been accomplished has been possible because of the support and encouragement of Mayor White, his staff and the Prime Sponsor, the Employment and Economic Policy Administration. The City's willingness to explore new avenues for closer cooperation with the business community can only result in an improved investment climate and increased job opportunities for Boston residents.

Let me now comment on the amendments contained in HR 6796, all of which we support in full.

Speaking for both the Prime Sponsor and the Council, we are delighted to see the proposed change that would allow the participant eligibility guidelines for Title II C to be used for 15% of Title VII funds. Upgrading is an important element in the range of services provided to employers; it is a particularly good barganing tool for gaining access to local firms and should be an integral part of a Title VII program. As previously mentioned, the Boston PIC is sponsoring a training program to upgrade entry level employees of a consortium of companies into computer programmer positions. To avoid ineligible enrollees, a paper exchange of funds had to be made with the Prime Sponsor. The process was tortured and needless. This amendment to the current legislation will eliminate enormous quantities of paperwork and staff time.

We are particularly pleased with the creation of an incentive bonus to encourage the coordination of employment and training programs with economic development activities. From its inception, the Boston Private Industry Council has viewed such collaboration as a major priority and an important means of enhancing the partnership between government and the private sector -- of effectively linking public development funds with private jobs.

Unfortunately, despite the obvious benefits of such cooperative ventures, efforts to systematically tie publicly financed industrial and commercial expansion to the employment and training system have been slow. Few states or municipalities have developed formal systems to inform prime sponsors or PICs of companies planning to locate or expand in their area; rarely is an employment impact plan requested of companies receiving public loans, industrial revenue bonds, interest subsidies or tax incentives. The absence of communication and coordination between economic development and manpower agencies is detrimental to both. Training funds can be used as an additional incentive to attract and retain business by organizations promoting economic growth; information on industrial expansion alerts the prime sponsor to new job openings for its CETA clients. In many cases, this information provided to the prime sponsor on a timely basis, can result not only in job referrals but in the design of training programs tailored to the individual requirements of the developer or small business. Further, since many of the projects have implementation schedules of two to three years, the prime sponsor and PIC are given a unique, long-term planning opportunity and ability to train CETA participants for jobs that traditionally are precluded for lack of time and skill prerequisites.

Clearly, the scope and formality of local cooperative agreements will vary from area to area. Developing policies and procedures that directly link economic development to manpower training is a complex and time consuming process. It must occur at every level of government and requires extensive planning and a substantial amount of interagency staff training. However, the benefits are obvious and failure to achieve such coordination can only result in the continued loss of job openings to the structurally unemployed.

The Boston Private Industry Council fully endorses the incentive bonus approach which encourages collaboration without prescribing a uniform format. The Council also supports the amendments that would add a representative of the Local Economic Development Council to the PIC and that would encourage the LDCs to make comments and recommendations on Private Industry Councils' annual plans. The latter changes are small but important steps towards utilizing the full range of financial, human and physical resources available to strengthen a local economy.

Unquestionably, the most important amendment contained in HR 6796 is the proposed four year authorization for Title VII. It is difficult to negotiate agreements to provide training for multi-year economic development projects when it is unclear whether one's organization will be extant in six months. To those familiar with the vagaries of CETA funding, this represents an unsettling but not uncommon situation. To private lending institutions, developers and expanding companies, however, it represents a high risk factor that hardly enhances the attractiveness of a job training agreement. If PICs are to have credibility within the business comminity, they must have the stability and capacity to develop long range plans; if they are to have any impact on the employment and training system, they must be perceived as something more than a passing experiment. We believe that the proposed four year authorization will give credence to Private Industry Councils and will allow them to participate as a full partner in the formulation of social and economic policy and programs.

Before closing, Mr. Chairman, I would like to respond to the concern that Title VII has been slow in starting. I believe that this was to be expected and that it in no way reflects a lack of interest or support for the program. The degree to which careful, advance planning has occurred will, in large measure, determine the success of a Private Industry Council. The membership of a PIC, its role and scope of responsibility, how it operates within the context of a local employment and training system, are major decisions that require thoughtful analysis and the consensus of key public, community and business leaders. The process is time-consuming; however, without it the ability of the PIC to gain broad based support, to act as a catalyst for institutional change, to actively bring private resources to bear on public issues, will be severely diminished.

I believe that, at both the national and local level, conditions are right for structuring a new partnership between business and government. There is an excitement at the opportunity to forge new links between economic and social programs; there is an increased willingness to communicate and initiate cooperative ventures. The time is right for the Private Sector Initiative Program and the PICs can serve as the natural vehicle -- the framework and forum -- for strengthening this coalition. The proposed amendments provide the direction, the tools and the organizational stability required to effectively translate national policy into local action.

Thank you Mr. Chairman and committee members for allowing me the opportunity to speak today. I would be pleased to answer any questions you may have.

Mr. Hawkins. Thank you. Ms. Stratton.

STATEMENT OF CATHERINE STRATTON, EXECUTIVE DIRECTOR, BOSTON PRIVATE INDUSTRY COUNCIL

Ms. Stratton. Mr. Chairman, I am Catherine Stratton, executive director of the Boston Private Industry Council, and I appreciate the opportunity of speaking to you here today.

I have submitted a full text of my remarks, so in the interest of time, I would like to simply address the sections that specifically relate to H.R. 6796. However, to put my remarks in some context, let me quickly summarize the status of the Boston Private Industry Council and its organizational position vis-a-vis the city's employment and training system.

The council was incorporated a year ago as a private, nonprofit organization supported by both private and public funds, with a 25-member board of directors, chaired by William S. Edgerly, chairman and president of the State Street Bank Trust Co.

It is composed of 16 chief executive officers of Boston-based firms as well as the principals of the city's employment and training institutions, community-based organizations, and organized labor.

I would like to say that the board has been particularly active in articulating the mission and shaping the operating agenda for the last year.

Early in its organizational development, the council recognized that what was not needed in Boston was another competitive program operator. Rather, the board of directors determined that the Boston Private Industry Council should act as a coordinator, catalytic organization focusing on systemic problems and serving as an intermediary between the public institutions and the private sector.

For this reason, the council elected not to operate projects directly but, instead, to plan and design programs that are now being tested by existing agencies of demonstrated effectiveness. This approach has allowed the limited resources of the Boston PIC to be used as seed money to test concepts, strengthen existing programs and develop new strategies for increased private sector participation.

At the same time, it has avoided establishing an administrative system parallel to that of the prime sponsor, thereby reducing overhead costs and unnecessary duplication of technical and support functions.

Briefly, we are currently operating six skill training programs for electronic technicians, phototypesetters, word processors. We have an upgrading program and supported program in secretarial skills for AFDC mothers. In addition to that, we have recently engaged in a major labor market research study, and are planning a fairly comprehensive market program that will market a portfolio of incentives, not simply the CETA system, and not simply job training, but tax credit and tax abatement in the economic development programs sponsored SBA, HUD, and EDA.

These, very briefly, are some of the activities that we have taken on in the past year. Now let me comment on the proposed amendments of H.R. 6796, all of which we support in full.

First, speaking I think for both the prime sponsor and the Boston Private Industry Council, we are delighted to see the proposed change that allows the participant eligibility guidelines for title II-C to be used for title VII funds.

Upgrading and retraining are important elements in the range of services provided to employers. They are particularly good negotiating tools for gaining access to local firms, and they should be an integral part of the title VII program.

As previously mentioned, we are in the process of developing an upgrading program for computer programing positions. In order to do this, we were forced to make a paper exchange of funds with the prime sponsor. We cannot possibly tell you how tortuous a process this has been.

Parenthetically, I would like to add that I am pleased that the amendment does not call for one-for-one backfill. While we require some sort of quid pro quo in Boston, it is important to have the flexibility to negotiate with an employer.

In addition to back-filling positions, we are asking for cooperative education slots, for additional summer jobs, and for the right of first referral for a range of jobs over a given period of time, all of these depending on the kinds of positions available within a company.

Second, we are most pleased with the creation of an incentive bonus to encourage the coordination of employment and training programs for economic development activities. From its inception, the council has viewed such collaboration as a major priority and an important means of enhancing the partnership between Government and the private sector.

Unfortunately, it is our perception that despite the obvious benefits of such cooperative ventures, efforts to sysmetically tie publicly financed industrial and commercial expansion to the employment and training system have been very slow, indeed.

Few States and municipalities have developed formal systems to inform prime sponsors or PIC's of companies planning to locate or expand in their area, or leave, in our case. Rarely is an employment impact statement requested of employers receiving public loans, industrial revenue bonds, interest subsidies, or tax incentives. The absence of communication and coordination between economic development and manpower agencies is detrimental to both.

Training funds can be used as an additional incentive to attract and retain business by organizations promoting economic growth. Information on industrial expansion alert the prime sponsor to new job openings for its CETA clients. In many cases, this information provided to the prime sponsor on a timely basis can result not only in job referrals but in the design of training programs tailored to the individual requirements of the developer or small business.

Further, since many of the projects have implementation schedules of 2 to 3 years, the prime sponsor and PIC are given a unique, long-term planning opportunity and ability to train CETA participants for jobs that have been traditionally precluded because of the lack of training time and skill prerequisites.

The Boston Private Industry Council fully endorses the incentive bonus approach which encourages collaboration without prescribing a uniform format. The council also supports the amendments that would add a representative of the local economic development council or, and I think it is important to note, their equivalent to the PIC, and that would encourage LDC's to make comments and recommendations on the PIC plan.

Unquestionably, the most important amendment contained in H.R. 6796 is the proposed 4-year authorization for title VII. It is difficult to negotiate agreements to provide training for multiyear economic development projects when it is unclear whether one's organization will be extinct in 6 months.

To those familiar with the vagaries of CETA funding, this represents an unsettling but not uncommon situation. To private lending institutions, developers, and expanding companies, however, it represents a high-risk factor that hardly enhances the attractiveness of a job training agreement or an employment impact statement.

If PIC's are to have credibility within the business community, they must have the stability and capacity to develop long-range plans. If they are to have any impact on the employment and training system, they must be perceived as something more than a passing experiment.

We believe that the proposed 4-year authorization will give credence to private industry councils and will allow them to participate as full partners in the formulation of social and economic policy and programs

Before closing, Mr. Chairman, I would like to respond to the concern that title VII has been slow in starting. I believe that this was to be expected and that it in no way reflects a lack of interest or support for the program. The degree to which careful, advance planning has occurred will, in large measure, determine the success of the private industry council.

The membership of a PIC, its role and scope of responsibility, how it operates within the context of a local employment and training system, are major decisions that require thoughtful analysis and the consensus of key public, community and business leaders.

The process is time consuming, however, without it the ability of PIC to gain broad based support, to act as a catalyst for institutional change, to actively bring private resources to bear on public issues will be severely diminished.

I believe that, at both the national and local level, conditions are right for structuring a new partnership between business and government. There is an excitement at the opportunity to forge new links between economic and social programs. There is an increased willingness to communicate and initiate cooperative ventures.

The time is right for the private sector initiative program, and the PIC's can serve as the natural vehicle—the framework and the forum—for strengthening this coalition. The proposed amendments, with minimal alteration of the legislation, provide the direction, the tools and the organizational stability required to effectively translate national policy into local action.

Thank you, Mr. Chairman, and committee members, for allowing me the opportunity to speak today. I would be pleased to answer any questions you may have.

Ms. Woods, would you care to add any comments?

Ms. Woods. I will be glad to field questions.

Mr. Hawkins. Unfortunately, we are running out of time. May I simply commend the witnesses, all have been extremely helpful. We have noted the modifications and alterations that you have suggested.

One of the striking things about the hearing is that there is almost universal support, at least for the basic principles contained in the proposal. I think the Chair can assure you that we intend to act with dispatch on the proposal, and it is the intent of the committee to mark up the bill, and to have it acted upon before the May 15 deadline. During that process, it may be that we may find it advisable and necessary in many instances to consult with some of the witnesses for the proposed modifications that have been recommended.

Other than that, I don't know of any questions that we necessarily have at this time. I wish to thank the witnesses for their contribution. Thank you.

That concludes the hearings of the subcommittee this morning.

[Whereupon, at 12:10 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.]

[Material submitted for inclusion in the record follows:]

PREPARED STATEMENT ON H.R. 6796. TO AMEND AND EXTEND TITLE VIII OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT, BY TED SMALL, PRESIDENT, NEW YORK CITY PRIVATE INDUSTRY COUNCIL

The New York City Private Industry Council appreciates the opportunity to review its progress and share its perceptions about the Private Sector Initiative Program. As will be established in the enclosed testimony, the CETA Title VII amendments have created the means to link the New York City business community with the government for the purpose of training and placing CETA clients in private sector jobs. Title VII has successfully given the flexibility to government-funded employment programs needed to attract the support of the business community in its endeavor to reduce the high unemployment rates within the community.

INTRODUCTION

New York City's Private Industry Council is the largest PIC in the Nation. During 1980, PIC's first full year of full operation, PIC will arrange training for some 5,000 people to fill predesignated jobs within the private sector. Perhaps most important, PIC fully expects to maintain at least a 75 percent permanent employment rate of its trainees.

The Title VII CETA program has been able to enlist the support of the business community in its effort to train and place CETA candidates in private sector positions. The major reason for the business community's acceptance of PIC is that PIC is not perceived as a welfare organization, to "help the unemployed" but a quality training program with flexibility and resources to help the business community fill the shortage of skilled labor which has stifled development of the local economy. By helping the business community meet its specific needs, PIC is able to ensure that people are trained for actual, long-term jobs.

The impotrance of skilled labor for economic development

There are now more jobs available in New York City than ever in the city's history but the vast majority remain unfilled because the positions demand skilled workers. This shortage of skilled labor is hampering development of local industries, and has ruined others. The lack of available manpower has been well documented as a major reason for the demise and exodus of businesses from the city during the last three decades.

The importance of training the unemployed to meet skilled labor demands cannot be overemphasized. Four-fifths of the average New York City company's annual bottom line operating expenses are labor and labor-related costs. Availability of well-trained workers is a pivotal factor to the economic growth and success of local industries. The large pool of unemployed workers can become this desparately needed source of skilled manpower if they are given proper training (i.e. people in entry level positions earning $8,000 to $10,000 must be trained to produce at least $15,000 to $17,000 worth of goods or services to be of economic value to the employer).

The business community is ready to support a government-funded training program such as PIC because the private sector cannot train the unemployed alone. Some 90 percent of New York City companies are small, employing 20 people or less, and do not have the resources or expertise to train required skills. Furthermore, as technology continues to change production and operation methods, large corporations are finding it prohibitively costly to update entry level training programs or to upgrade skill levels of the existing work force. The business community must have access to government resources and assistance in order to prepare the workers for current and future jobs.

There is an additional reason why the private sector welcomes the possibility of joining the government in its effort to train the unemployed—the velocity of money. It is now estimated that when a formerly unemployed person is retained for permanent employment, two to three additional jobs are created to service the increased income. Training the unemployed to fill private sector jobs, then, helps assure a constantly expanding market.

Conversely, every person who loses a job places the jobs of existing workers in jeopardy and shrinks the market. This is a grave concern of both employers and unions, particularly in light of the need to upgrade skills levels of employed workers so they can fill the jobs of the future and maintain the domestic market.

The business community wants, and needs, to support government-funded programs to train and place the unemployed for private sector jobs. The key factor to developing the community's support for a specific program, such as PIC, is to ensure that training programs are designed to meet the needs and standards of the business community. People trained in accordance with these standards are given the preparation to succeed in the work world.

Meeting the needs of individual companies

The labor requirements of each individual company is PIC's top priority. A training program is never considered without intensive study of a company's exact skilled labor demands. After assessing the combination of skills needed to consistently perform well on a job (i.e. to be able to retain permanent employment), PIC and the employer decide which qualifications a trainee must have.

PIC then issues job descriptions and qualifications to some 80 agencies throughout the city. In turn, these agencies refer applicant to our recruitment staff for intensive interviewing and, when appropriate, testing. PIC recruitment specialists attempt to carefully match a person's work history, interests and aptitude to a specific job, thereby ensuring motivation to learn the skills and retain long-term employment within the company. If a person does not appear to be "job ready", the recruitment specialist arranges necessary counselling for the applicant. Chosen applicants are referred to the employer for final approval.

Depending on the employer's preferences, facilities, and the job itself, the trainee may learn skills through classroom instruction, on-the-job training, or a combination of both. This flexibility of training options is essential to PIC's success. If a PIC is to be effective, each program will be different, depending on the particular industry, company, occupation or trainee group involved.

The worthiness of PIC's methods in dealing with needs of individual businesses and of potential CETA candidates, is reflected in an independent survey of participating employers conducted by the Polytechnic Institute of Technology, funded by the Rockefeller Brothers Fund. *All* surveyed employers have stated they are impressed by the choice and motivation of trainees, 86 percent intend to continue using PIC services for recruitment of future manpower, and 75 percent of trainees receive permanent employment.

Meeting industry-wide needs

PIC has been systematically contacting hundreds of employers within a variety of industries to assess their skilled labor needs. When common needs are identified, PIC helps establish Industry Advisory Councils, or groups of employers, each representing a particular industry.

The Councils, in conjunction with PIC, devise and supervise training programs to teach skills needed by the industry at large. When necessary, after the general instruction, trainees receive additional specialized training to accommodate the skill requirements of individual companies.

One example of PIC's industry-wide training programs is the Banking Institute Clerk/Typist School, set up in conjunction with the New York Clearing House Association, a consortium of the 12 largest banks in New York City.

New York banks annually employ between four and six thousand people in entry-level positions and find it extremely difficult recruiting or training the necessary skilled workers. PIC has established the first of many programs to help the banking industry by developing a school to train 300 people over a 15-month period to fill clerk-typist positions. Other occupations will be added on a pleased basis.

A Banking Advisory Council helped devise the training curriculum, and is taking an active part in overseeing the program to ensure that all necessary skills are taught.

Other industry-wide training programs already established or in the process of development include the training of machinist skills, international trade documentation, computer programming, welding, food preparation, camera repair, word processor operation, drafting and automobile repair, among others. Each of these training programs is essential to the economic development of the particular industry in New York City, and each training program will prepare people for long-term careers.

Developing effective training programs and carefully recruiting CETA candidates is a time consuming process but well worth the effort when permanent employment for trainees and growth of companies and industries are the end results.

Meeting needs of future industries

A major objective of New York City PIC is to also use its training services to create new jobs by actively promoting expansion of local companies and by attracting relocating and newly emerging businesses to the city. PIC does this by working very closely with city and state economic development agencies, as well as banks and insurance companies.

Targeted jobs demonstration program (TJDP)

New York City is one of 14 selected jurisdictions to secure funding for federally-funded TJDP, the program to establish an official procedure to link federal expansion and development grants with training programs for CETA eligible candidates. Both the CETA Prime Sponsor and the City's Office of Economic Development requested that PIC administer the program.

The possibility of creating an all-inclusive financial package (such as tax abatements, tax exempt municipal bonding for new constructions, packaging of federal assistance, public land and building write downs and financial incentives leading to trained workers through a PIC program) will go a long way in promoting expansion of local companies and in attracting relocating businesses.

PIC has recently received the TJDP funds and will be hiring and placing personnel at government offices which receive grant requests. When an employer applies for a grant to expand his business or to develop a new enterprise, a PIC representative will be available to work with the employer and device a program to train needed skilled labor. PIC estimates that 2,500 workers will be trained in the first two years using these outstationed personnel.

Though the TJDP is not officially in progress yet, PIC has already begun creating inclusive financial packages with local federal agencies to attract new enterprises. One company taking advantage of this form of package is Marine Electric Railway Co. Marine Electric, currently located in New Jersey, decided to relocate to New York City after learning that the city offered PIC training services as well as tax incentives and development grants. Marine Electric will be able to move to New York City without a loss in productivity, because PIC will fund the training of people specifically for their operation in cooperation with New York City Community College.

Local economic development activities

A major objective of PIC's Job Development Division is to establish links with Local Development Corporations (LCDs) and other local groups, and help them arrange flexible training packages to attract businesses to their locals. Examples of PIC's work with economic development groups include:

South Bronx Development Office

In cooperation with this LDC, PIC will be the lead coordinating agency to provide training to fill skilled labor needs of tenants in the newly developing

Bathgate Industrial Park. The park's first tenants should be established by January, 1981. The initial training programs will include at least 125 CETA eligible candidates.

Harlem Commonwealth Council

This LDC is currently applying for EDA grants, and is offering PIC employment and training services as a major component of its proposed industrial park.

Hunts Point

PIC has worked closely with groups in Hunts Point (South Bronx) to create a package for the development of a heavy truck plaza which would further anchor the locale as an industrial area. PIC would train all necessary skilled labor for the truck plaza, and should begin the initial training, some 150 people, after construction begins.

Assisting expansion of major enterprises

PIC is helping major corporations and organizations plan and execute local expansion. More and more, PIC services are being recognized as prime incentives to develop expansion projects. Two such examples are:

American Stock Exchange

The AMEX has recently received approval of its application to construct new headquarters in Battery Park. PIC will be pretraining needed personnel to fill skilled labor needs, as well as training on-floor data clerks for their current needs. Current efforts will build the working relationships that will be necessary when large-scale expansion occurs in 1982–1983 (2,000 new jobs are estimated).

Port Authority Industrial Park

The Port Authority is at the final stages of its feasibility study to determine three locations in the New York-New Jersey Metropolitan areas for the development of industrial parks. PIC has been working closely with the Port Authority, and will provide training for all future tenants of their New York City parks, probably to be located in Spring Creek, Brooklyn. The Port has stated publicly that the PIC will be utilized to prepare employment initiative plans and be the prime source of employment, training and placement services.

Creating new markets through Federal procurement contracts

PIC helped assemble the accepted proposal for a federally-funded demonstration grant to create a Procurement Outreach Program in New York City.

PIC will provide technical assistance to employers who wish to prepare bids for federal contracts, as well as train needed workers for companies who are awarded contracts and may need to expand their work force accordingly. PIC's services are expected to be a major incentive to attract small and minority-owned businesses to the enormous market of government procurement. PIC has already begun working with a supplier of uniforms to the Marine Corps (Cavalier Clothes) and a supplier of metal parts (EDO) in Queens.

Coordinating PIC services with banks

The major New York City banks realize the importance of PIC's employment and training services to the successful expansion and development of local companies.

In coordination with various banks, PIC has begun arranging plans to work with bank personnel from their business service offices. PIC staff, outposted at the banks, would be available to employers applying for bank expansion loans, and would help devise suitable training programs to fill the companies' expanded skilled labor needs.

As evidenced by the above-noted programs, PIC's training services are becoming an integral part of many organizations' long-term planning objectives. It is important to note that many planned PIC programs involve multi-year commitments, often through 1982, or even beyond. In light of this, PIC stresses that a four-year authorization will be a springboard to significant linkages between CETA and economic development.

Re: Allocation of funds to upgrade skill levels of existing employees

For the past year, PIC has had contact with hundreds of employers to identify and assess their skilled labor requirements. The majority of employers have stated a need for upgrading existing workers, as well as the filling of entry-level positions with CETA trainees. PIC has been able to perceive three consistent reasons for this preference.

First, the placement of a CETA trained person into a higher level position than that of other employees, who did not have equal access to training, can cause morale problems within a company. Some companies, in definite need of skilled workers, have felt unable to use PIC services for this reason.

Second, many companies do not have current needs for entry-level positions, particularly as recession approaches, but are having great difficulty filling higher level jobs for which an inexperienced CETA person could not qualify immediately after initial training. If employers have the option to upgrade the skill levels of existing, experienced employees, entry level jobs could be created. One case in point is a machinst shop in Brooklyn. The employer explained that if he could have one of his workers upgraded in tool and dye skills, he could increase his work force by 16 entry-level positions.

Third, as technology changes the nature of operation and production methods, employers are being faced with critical shortages of workers trained to operate new machinery. This is a major concern of both the business community and the unions. To quote A. DeLange, Trustee Agent of Teamster Local No. 210: "Technological advances are changing the nature of jobs so rapidly that in some trades up to 40 percent of our union membership will be out of work within the next decade unless they can upgrade their skill levels". This is of particular concern in New York's printing, auto repair (as diesels become more common), and film industries. New York City PIC believes it is critical to the economic development of the city, and the employment of the CETA population, to begin allocating necessary funds for the purpose of upgrading.

A well-designed program to help upgrade skill levels of the existing work force, while training CETA clients to fill vacated positions, could divert these future unemployment problems as well as help solve existing ones. Moreover, such a program has the capability of uniting unions, employers and government into a concerted effort to fill future skilled labor needs—so important to the city's economic development. And then, of course, those placed initially at the entry level can look forward, over time, to additional training for upgrading.

SUMMARY

New York City PIC is proving successful in its efforts to develop a closer link betwen the business community and the government for the purpose of training and placing CETA clients in unsubsidized jobs. PIC's ability to continue solidifying this link depends on the government's renewed commitment to the PIC program.

The private sector, including economic development organizations and individual companies, has shown great willingness to employ CETA clients trained through the PIC program. As PIC continues to prove the effectiveness of its training, increasing numbers are turning to PIC for its services. In order to accommodate these businesses, PIC needs the assurance of three components—time, money and flexibility. The proposed amendments to the Title VII Comprehensive Employment and Training Act, currently before the House, would provide these components. Upgrading capability adds to program and service flexibility. Closer linkages with economic development activities increase the range of jobs available to CETA clients, and helps strengthen the general economic climate. Long-term authorization provides the stability and credibility needed to undertake large-scale projects involving multi-year commitments.

KAISER ALUMINUM & CHEMICAL CORP.,
Oakland, Calif., March 26, 1980.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Subcommittee on Employment Opportunities,
U.S. House of Representatives, Washington, D.C.

DEAR CHAIRMAN HAWKINS: Thank you for the opportunity to again file a statement with your Subcommittee regarding the youth unemployment problem. On August 14, 1979, Cornell C. Maier, President, Chief Executive Officer, and Chairman of the Board of Kaiser Aluminum, testified on this critical problem facing our country. We made several general recommendations on both our Summer on the Move program and how to involve the private sector in seeking solutions to the youth unemployment problem.

Kaiser Aluminum is presently involved with the University of California and the Oakland Unified School District in incorporating the summer model into the regular school year at Oakland High School. Since August of 1979, we have learned much more about this program and what it takes to get the private sector involved in lessening the youth unemployment problem. We have some practical approaches addressing the total problem of inadequate educational and career education work experience preparation, which we would like to share with you.

The enclosed statement is being submitted by Kaiser Aluminum & Chemical Corporation, in conjunction with the University of California at Berkeley and the Oakland Unified School District, with the request it be made part of your Subcommittee's hearing record..

Sincerely,

RICHARD L. SPEES,
Vice President, Public Affairs,
Western Region.

PREPARED STATEMENT ON YOUTH EMPLOYMENT SUBMITTED BY KAISER ALUMINUM & CHEMICAL CORP. IN CONJUNCTION WITH THE UNIVERSITY OF CALIFORNIA AT BERKELEY—SCHOOL OF EDUCATION & THE OAKLAND UNIFIED SCHOOL DISTRICT

Kaiser Aluminum & Chemical Corporation believes that youth unemployment is one of America's most severe problems. There is an entire generation of young people who cannot make the transition from school to work because of a lack of work experience and inadequate basic skills. You already know the dimension of the problem:

A 40 percent unemployment rate among minority youth—as high as 75 percent in some communities of East Oakland, California.

An unemployment rate two to three times greater for high school dropouts.

A track record of poor youth who enter the labor market with lower wages who never catch up.

High school dropouts whose unemployment record is 3 times that of graduates.

Forty percent of hispanics who are failing to complete high school.

An unemployment picture that shows the unemployment is highly concentrated—that is, ¾ of the total unemployment among young people is accounted for by less than 10 percent of the population that suffers through long periods of joblessness.

Match these problems with the changing economic future: a service-oriented, white collar and technical economy. Over the past thirty years, the number of service jobs has increased 120 percent as compared to 30 percent for manufacturing.

In this kind of an ever changing job market, it is essential that our young people are self-reliant problem-solvers. We cannot afford the luxury of only knowing one thing.

No one can honestly tell anyone what they will face in employment except that it will probably be unexpected. How do you prepare for the unexpected? We must teach self-reliance; problem-solving, critical and creative thinking—the how to think, not the what to think. We must instill in youth the courage to face the unknown.

There is no better way to teach self-reliance and adaptability than to give our young people a variety of real life/work experiences and provide them the opportunity to think and solve problems. During the 1980's, the private sector must re-enter the education, job and career development areas in partnership with the public sector.

We would like to make several recommendations regarding the youth unemployment problem.

First, public/private partnerships should be developed and sustained where possible in this area of education/employment. The private sector often cannot, alone, afford to mount and carry out these types of programs. The government, however, does not have access to those real life jobs, in real life situations that can provide that self-reliance, skill developing experience and education.

Second, we recommend a program that combines a problem solving curriculum with work experience. Resources should be provided to secondary education to sponsor such a program via a public/private partnership. One example is a very successful work/study program called Summer on the Move. This was a collaborative effort of the University of California, Berkeley, Oakland Public Schools and Kaiser Aluminum. The basic model was a six-week education/employment program for 120 Oakland High School students. The program had several key elements:

1. An emphasis on students taking responsibility for their own actions.
2. The problem-solving method which connected both school and work.
3. Writing, reading, listening, and speaking across an interdisciplinary curriculum.
4. The pairing of U.C. Berkeley professors and graduate students with Oakland High School teachers.
5. Involvement of the parent, employer in the school setting.
6. A heterogenous grouping of students, economically, ethnically, and academically (low achievers to high achievers, low income to middle-income, Black, Asian, Hispanic and Caucasian).

Kaiser Aluminum paid for the entire program, placing students with the company, but also with 54 small business employers in the retail, trade, manufacturing, service and recreational areas.

Students attended classes in the morning four days per week at a junior college site and worked in a variety of jobs in the afternoons five days per week. An employment consultant was hired by Kaiser Aluminum to develop these jobs.

During the spring semester (February 4–June 13, 1980), we are working with other members of the collaboration to incorporate the summer model into the regular school year at Oakland High School. Success on the Move, the spring semester version of the summer model, has enrolled 130 students. Applicants were interviewed by a team of staff members from Kaiser Aluminum, U.C. Berkeley, and Oakland High School. Two teams of four teachers each, plus part-time instructors from Oakland High, assisted by graduate students and professors from the University are team teaching, utilizing interdisciplinary and problem-solving approaches with an emphasis on language across the curriculum. Students attend the Success classes one period per day and work in the afternoons two hours per day, not more than ten hours per week. Continuing in this spring program have been small, medium and large businesses—some from the summer model. Our efforts with the employers in both summer and spring sessions have supported some theories:

1. A private-sector employer will respond more to another member of the private sector.
2. Employers are not as concerned about a youth's skills as about his willingness to work.
3. Jobs turn students on to learning.
4. Many more small businesses could participate if they had some financial assistance.

Based upon our experience with this program, we would recommend that any work/study program have the following elements:

In education:

1. An emphasis on language arts in all subjects.
2. An emphasis on the problem-solving technique.
3. Heterogeneous groupings of students, academically, ethnically, and economically.
4. An interdisciplinary curriculum.
5. A career education component in every discipline.

In employment:

1. An emphasis on work attitudes within the school curriculum.
2. An involvement of the employer/parents in the school in meaningful ways—curriculum development, observers, tutors, for career information—so that educators can better prepare students for the world of work.
3. Provide a pairing of private/public funds to allow the participation of small businesses and the heterogeneous groupings of students (that is, have CETA funds pay for the low income students while private funds pick up the cost for middle income students, but allow both to participate in the same program). We found that this heterogeneity acted as a catalyst for both the low achiever and high achiever in improving their ability to learn.

Third, and finally, we would encourage a better use of CETA Title VII Resources to promote education/work programs such as the one described above. We would recommend a number of procedures should be incorporated or retained in the CETA Regulations. These include:

1. Tax incentives for those employers hiring high school youth on a part-time basis or during the summer—say for six weeks.

2. Provide tax incentives, like Jacob Javits' S. 2219 which allows exemption from social security taxes for the first six months of work for both the employer and the youth.

3. Allow the pairing of private/public sector funds for small businesses who cannot afford a youth's employment costs above the minimum wage (for example, social security, workmen's compensation, etc.), or who have to pay union scale to hire young people.

4. Provide technical assistance to small businesses to aid them in complying with the requirements of the CETA program. For example, filling out forms, accounting, and compliance work before a youth's arrival, during the term of employment, and the evaluative activities after they've left.

5. Streamline the paper process.

6. Allow pairing of private/public funds so that heterogeneous grouping of students and employees can be achieved. We must stop isolating and labeling the economically disadvantagel youth. If all their training occurs in groupings with similar youths, they will not understand other experiences, attitudes or cultures in which they are expected to compete in the real work world. We must stop setting them up for failure. President Carter's recent youth initiative does not provide such a pairing of funds.

7. Continue the 22 percent of CETA that has been earmarked for high school work/study, incorporating placement centers, career education, performance, and work attitudes as part of a student's record.

8. Provide for a pool of funds or matching funds to a group of small businesses who wish to "adopt" or work with a particular high school for career education/employment training who could not do so without assistance.

9. Utilize part of your monies under Title VII, Section 679.6, to provide a clearinghouse of information on training activities/career information available in a youth's particular city/region.

10. Utilize this same money to disseminate information to small and large businesses on what CETA programs exist, what they can and cannot do, and their successes.

11. Improve the image with the private sector that a CETA employee is ill-prepared with poor work attitudes by insisting and helping our clients understand what the job requirements are and insisting that they be met.

12. Allow the private sector to provide training utilizing CETA money.

Kaiser Aluminum and Chemical Corporation believes that we already have the resources to solve the problem of youth unemployment. What we need are innovative and creative methods of utilizing these resources. The Summer on the Move/Success on the Move model is an example of one successful approach. We believe it can greatly impact the unemployment problem while simultaneously making a contribution to the reform of secondary education along the lines suggested by the recent Carnegie Institute Study.

If we are to solve the youth employment problem, then the philosophy behind all its programs should be on youth taking responsibility for their own actions. No matter how many dollars and training programs we establish, if we only train students in the mechanics of one job field and not in the process of how to continue functioning in an ever-changing economy, then we have only created a cripple who, with another economic downturn, will need another government-sponsored training crutch. Our job—yours and mine—because the problem belongs to all of us—is to help youth help themselves. Together, in partnership, the public and private sector can make a difference.

SUCCESS ON THE MOVE

A COLLABORATIVE PROGRAM FOR EXCELLENCE IN EDUCATION

A PUBLIC/PRIVATE PARTNERSHIP

Success On The Move is a collaborative effort of the University of California, Berkeley, Kaiser Aluminum & Chemical Corporation and Oakland High School aimed at better preparing students for the world of work.

SUCCESS ON THE MOVE — THE PURPOSE

- To prepare high school students for the job world by improving classroom instruction
- To provide simultaneous work experience for students
- To help students improve their basic skills and to learn to take responsibility for their own actions
- To make positive changes in the school by helping teachers improve their own knowledge and skills
- To conduct in a collaborative way the necessary innovations and developments to make certain the program satisfies student and school needs

THE PROGRAM — A PROBLEM-SOLVING APPROACH

Success On The Move is the continuation of Summer On The Move, sponsored by the same partners and funded by Kaiser Aluminum during the first six-week session and by Youthwork, Inc. during the second session, in the summer of 1979. These sessions provided 240 Oakland High School students with interdisciplinary classes in social studies, math, science and English. The emphasis was on developing literacy, writing and verbal skills. A problem-solving approach to learning was utilized to better link school and classroom activities with on-the-job learning and experiences. Eight teachers from Oakland High School were paired with eight graduate degree candidates from the University of California, Berkeley in teaching teams to not only facilitate the instruction but also to exchange knowledge and techniques with each other. The ratio of teacher to student was approximately one to ten. All personnel, including U.C. Berkeley professors and Oakland High counseling, administrative and community liaison personnel, participated in the class instruction as well as the in-service training which occurred daily.

SUMMER ON THE MOVE — THE STRUCTURE

- Morning educational sessions four days per week at Merritt College
- Afternoon employment in a variety of jobs five days per week
- An employment consultant developed jobs in the retail, trade, service, manufacturing and recreational areas
- Kaiser Aluminum paid the salaries of all student participants:
  - 100 students were placed in real jobs with fifty-four small businesses
  - 20 students were placed in jobs at Kaiser Aluminum

The Summer On The Move Program was open to all Oakland High students. The selection process involved:

- An application
- Recommendation by a teacher or counselor
- An intensive interview
- A set of subjective, but agreed upon, criteria

The student mixture reflected Oakland High's population economically, ethnically and academically from low to high achievers, low to middle income, 10th to 12th grades, Black, Asian, Hispanic and Caucasian.

SUCCESS — A YEAR-ROUND GOAL

Success On The Move is a continuation of the highly successful Summer On The Move. During the Spring Semester, 1980 at Oakland High School, the University, Oakland High and Kaiser Aluminum is experimenting with the incorporation of parts of the summer model into the regular school curriculum during the normal school year. 130 students are enrolled in the Spring program. Applicants were interviewed by a team of staff members from Kaiser Aluminum, U.C. Berkeley and Oakland High School. Two teams of four teachers each, plus part-time instructors from Oakland High with assistance from graduate students and professors at the University team teach utilizing interdisciplinary and problem solving approaches with an emphasis on language arts across the curriculum.

Teachers and University staff are developing the course content. The 'A' period, the time right before the opening of the first class, is used for the class at Oakland High School and period 1 is used for in-service training for teachers. Evaluations of the Spring Success On The Move program will occur at intervals throughout the program and in June, 1980.

SUMMER ON THE MOVE — 1980 PROGRAM

Based upon evaluations of the Summer On The Move 1979 and Spring Success On The Move 1980 programs, a second Summer On The Move 1980 is planned for six weeks during June and July, 1980 incorporating what has been learned in the two previous pilot programs. Two hundred Oakland High students will again participate in an education and jobs project.

Finally, efforts are underway to encourage other corporate "adoptors" of Oakland high schools to fund a pilot Summer On The Move 1980 program, based on the Oakland High model, at their respective "adopted" high schools. The hope is that five schools will have a Summer On The Move program in 1980 and that 680 students will be active in the program that summer.

INFORMATION

For further information on the Success On The Move program, please contact:

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